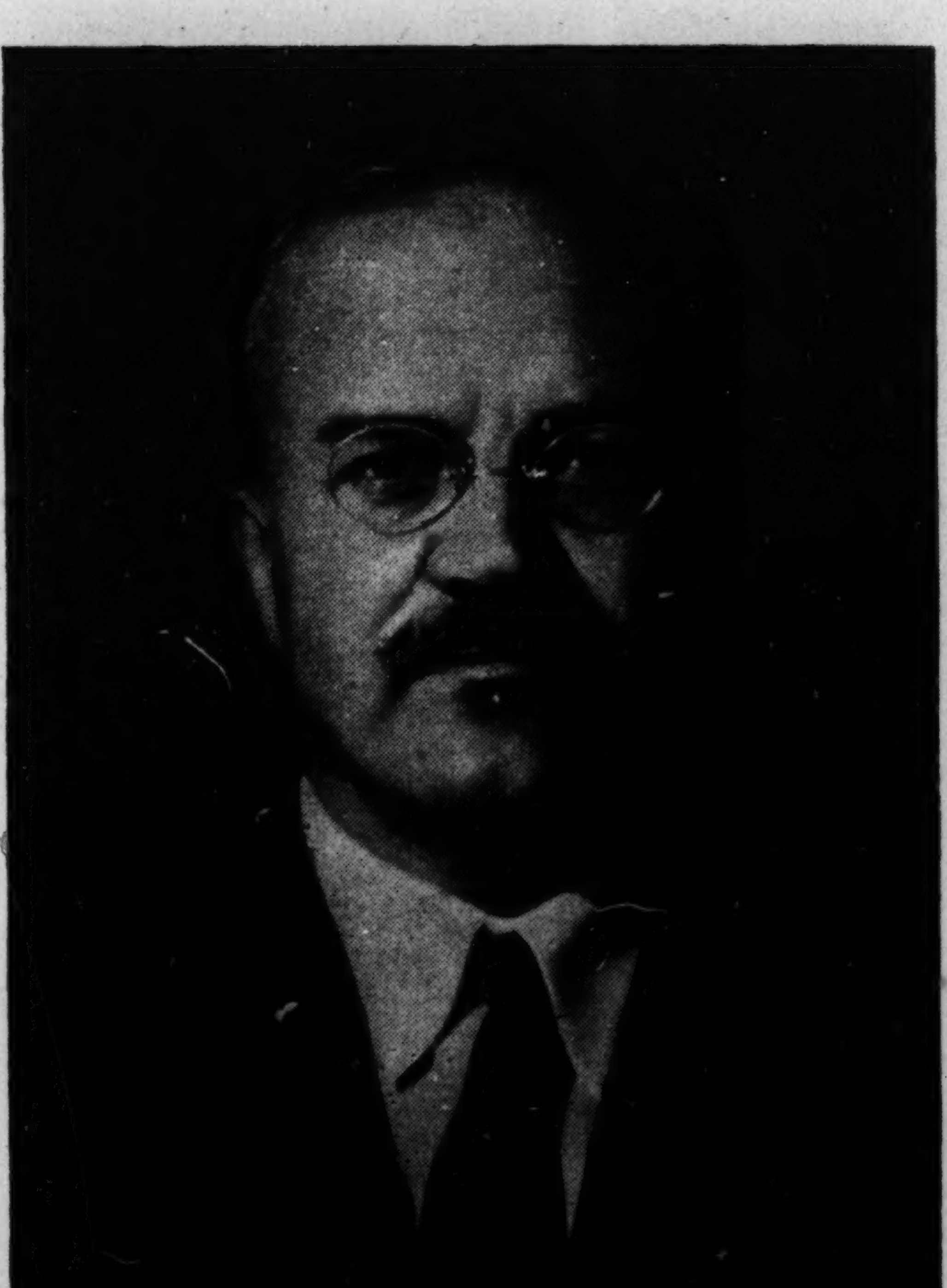
V. MOLOTOV

THE THIRD FIVE-YEAR PLAN FOR THE NATIONAL-ECONOMIC DEVELOPMENT OF THE U.S.S.R.

FOREIGN LANGUAGES PUBLISHING HOUSE
MOSCOW 1939

WORKERS OF ALL COUNTRIES, UNITE!



Viacheslav Michaelovich

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V. MOLOTOV

THE THIRD FIVE-YEAR PLAN FOR THE NATIONAL-ECONOMIC DEVELOPMENT OF THE U.S.S.R.

REPORT
MADE TO THE EIGHTEENTH CONGRESS OF THE C.P.S.U.(B.)
AND REPLY TO THE DISCUSSION
March 14 and 17, 1939

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I. RESULTS OF THE SECOND FIVE-YEAR PLAN

Comrades, the Third Five-Year Plan for the national-economic development of the U.S.S.R. has been submitted to you for consideration. It is a gigantic program of expansion in the national economy, of progress in culture and of advance in the well-being of the people. This program has its foundation in our victory, the victory of the working people of the Soviet Union, in having carried to completion the First and Second Five-Year Plans.

The Third Five-Year Plan accords with the new period which we have inaugurated. It accords with the fact that the U.S.S.R. has already entered upon a new phase of development, the phase of the completion of the building of classless, socialist society and the gradual transition from socialism to communism. The Third Five-Year Plan will be one of the principal stages in accomplishing this great task, the task of passing on to complete communism. To undertake this matter means the taking on of complex and difficult tasks.

We are not dismayed by the difficulties of the impending struggle for the Third Five-Year Plan. We are fully confident of our ability to cope with these new tasks, also. In this we are fully warranted by the successes achieved in the fulfilment of the Second Five-Year Plan.

That the Second Five-Year Plan has been a success is apparent to everyone. The *chief historical task* assigned by the Second Five-Year Plan has been accomplished: all exploiting classes have been completely abolished, and the causes giving rise to the exploitation of man by man and to the division of society into exploiters and exploited have been done away with for all time. All this is primarily the result of the abolition of the private ownership of the means of production. It is the result of the triumph in our country of state and of cooperative and collective-farm property, that is, socialist property. Exceptions to this rule constitute but an insignificant fraction, and even these exceptions will soon disappear. In the cities, socialist economy and the working class, which embraces workers and employees, have exercised full dominion for quite some years now. The formerly backward countryside has undergone a transformation. The collective-farm system has strengthened and become a powerful force for communism. Socialism, the first phase of communism, has in the main already been built in our country. The historic achievement of a socialist society and a socialist state has received the force of law in the great Stalin Constitution.

All this denotes that our society now consists of two classes friendly to each other, of workers and peasants united in a common cause, the cause of building communism. This great cause brings the workers and peasants of the U.S.S.R. ever closer together, unites them ever more firmly in comradeship and amity as active and conscious builders of communist society. The line of demarcation between the two classes of the working people of the U.S.S.R. is becoming obliterated more and more, as is also the line between these classes and the intelligentsia, which is engaged in mental labour for the benefit of Soviet society.

Just see for yourselves what has taken place in our country.

In 1928 the picture was as follows:

Social Composition of the Population of the U.S.S.R. in 1928

(In per cent of total)

1. Workers and employees	17
2. Collective farmers and handicraftsmen organized in producers' cooperatives	3
3. Individual peasants, and handicraftsmen not organized in producers' cooperatives	73
4. Capitalist elements (private traders and kulaks)	5
5. Miscellaneous (students, the armed forces, pensioners, etc.)	2
Total	100

That is how matters stood in the U.S.S.R. when the work of laying the foundation of socialist society in our country was begun.

Thus, if we take that portion of the population which is wholly bound up with socialist economy, that is, if we take the workers, employees, collective farmers and the entire group classified as miscellaneous, we find that ten years ago this portion of the population represented in the aggregate 22 per cent, or less than one-fourth, of the total population of the U.S.S.R. Three-fourths of the population at that time were still tied to private enterprise; and approximately 5 per cent of them—private traders and kulaks—were to be classified as exploiters.

Today our country presents an entirely different picture. It is with good reason that we speak of the achievements of the First and Second Five-Year Plans. The social composition of our society has radically changed.

Here are some data on the social composition of the population of the U.S.S.R. in 1937.

Social Composition of the Population of the U.S.S.R. in 1937

(In per cent of total)

1. Workers and employees	35
2. Collective farmers and handicraftsmen organized in producers' cooperatives	55
3. Individual peasants, and handicraftsmen not organized in producers' cooperatives	6
4. Miscellaneous (students, the armed forces, pensioners, etc.)	4
Total	100

This is what the U.S.S.R., our socialist society, looks like today.

It appears from the above that at the end of the Second Five-Year Plan period, 94 per cent of the population was composed of workers, employees, and peasants engaged in socialist, that is, in state and in cooperative and collective-farm economy. Individual peasants and handicraftsmen not organized in producers' cooperatives accounted for about 6 per cent. The exploiting elements were abolished; they vanished from our land.

The transformation that has been going on in our society during the last decade found most striking expression in the conversion of the former peasantry into a collective-farm peasantry, and in the great relative increase of the working class in the U.S.S.R. Whereas in 1928 workers and employees constituted only 17 per cent of the population, by 1937 the percentage had risen to 35. The proportion of workers and employees had doubled. The further growth of cities and of industry entails a further proportionate growth of the working class, with a corresponding proportionate diminution of the peasantry.

What accounts for this transformation of our society, and for the complete abolition of exploiting classes and groups in the U.S.S.R. which we have achieved?

First, our successful fulfilment of the principal and decisive economic task of the Second Five-Year Plan, the task of completing the technical reconstruction of the national economy, whereby we established the material and technical base for the collective-farm system in the countryside.

Second, the fact that we have done everything possible to enhance the well-being of the working people and to raise their cultural standard.

The following facts may be adduced to show the successful *completion of the technical reconstruction* of the national economy:

During the Second Five-Year Plan period the technical apparatus of production in industry and agriculture was radically renewed. In 1937 more than 80 per cent of the entire industrial output was yielded by new establishments built or completely reconstructed during the years of the First and Second Five-Year Plans. About 90 per cent of the tractors and harvester combines in use in agriculture are of Soviet manufacture, and were produced during the years of the Second Five-Year Plan. Instead of the somewhat over twofold increase in the output of the machine-building and metal-working industries contemplated under the Second Five-Year Plan, the increase was almost threefold. More than 50 per cent of the total number of machine tools, as of January 1, 1938, were produced during the Second Five-Year Plan period. The electric power available per worker in industry as a whole rose from 2,100 kwh. to 4,370 kwh. The task of mechanizing such laborious and difficult industrial processes as coal cutting and oil and peat extraction, as well as the mechanization of fishing, etc., has been accomplished in the main.

According to the Second Five-Year Plan, *industrial* production was to have increased from 43,000,000,000 rubles to *93,000,000,000* rubles, but the actual output of industry in 1937 amounted to *96,000,000,000* rubles.

The Second Five-Year Plan provided for a *114* per cent increase in the output of our industry, but the actual increase in output was *121* per cent. On April 1, 1937, that is, within four years and three months, industry had already reached the level specified for the end of the Second Five-Year Plan period. Thus in industry the Second Five-Year Plan was carried out ahead of time.

In the Second Five-Year Plan the average annual rate of increase was fixed at *16.5* per cent, but the actual rate achieved was *17.1* per cent. Thus, the rates of increase of industrial output were higher than specified.

It goes without saying that not all branches of industry worked with equal success.

We scored our greatest successes in heavy industry, in the production of means of production. Here output increased almost two and a half times (by 140 per cent) and the plan was considerably exceeded: this line of production recorded a 122 per cent fulfilment of the Second Five-Year Plan. Still, in several important branches of heavy industry, such as the production of pig iron, coal and oil, there was a considerable deficiency in plan fulfilment.

In the manufacture of articles of consumption, though output was doubled (an even 100 per cent increase), the plan was not quite fulfilled. Because of the unsatisfactory work of light industry, plan fulfilment was only 85 per cent for consumers' goods, while the food industry under the People's Commissariat of the Food Industry of the U.S.S.R. fulfilled its plan 113 per cent, which was considerably in excess of specifications.

It must be stated that also during the Second Five-Year Plan period the growth of heavy industry was considerably more rapid than that of industry manufacturing consumers' goods. This was mainly due to the circumstance that in the course of fulfilment of the Second Five-Year Plan it became necessary for us to introduce major corrections into the plan for the development of industry. As was the case under the First Five-Year Plan, the international situation compelled us to increase the rates of development that had been laid down for the defence industry, and, as you are aware from Comrade Voroshilov's speech at the Congress, not little has been done in this regard. (*Applause.*) This made it imperative to accelerate considerably the expansion of heavy industry, at the cost of reducing, to a certain extent, the rates of growth of light industry. But in return we have compelled the most aggressive imperialists to be more restrained toward the U.S.S.R. (*Applause.*) It must be admitted, however, that now attention to the further intensive development of heavy industry must be accompanied by a considerable stimulation of the whole range of industries producing articles of general consumption.

In *agriculture* gross output has increased 54 per cent, or one and a half times, during the Second Five-Year Plan period. Grain growing in our country has coped successfully with the well-known task assigned by Comrade Stalin, having yielded a harvest in 1937 of more than 7,000,000,000 poods of grain. Final figures put the 1937 grain harvest at 7,340,000,000 poods, which is an overfulfilment of the Second Five-Year Plan assignment. The amount of cotton picked was also in excess of plan: it rose from 78,000,000 poods to 157,000,000 poods, a twofold increase. The sugar beet crop increased from 66,000,000 centners, an admittedly very low level, to 219,000,000 centners, or more than threefold. Flax, Indian corn and sunflower seed lagged very considerably behind. Livestock products increased 54 per cent, or more than one and a half times.

Great successes have been achieved in the mechanization of agriculture. The supply of tractors and harvester combines planned for agriculture has been exceeded. In technical level and large-scale production capacity, our agriculture is now ahead of any other country in the world. Cotton, flax and Indian corn picking is, however, still behind with regard to mechanization.

The state farms have achieved considerable successes, having exceeded the plan set for grain deliveries. It still remains for the future, however, to make the state farms highly remunerative.

The expansion of the national economy was largely due to the successful work of the *transport systems,* particularly the railroads, which fulfilled and overfulfilled their five-year traffic plan in four years. Water-borne transport is far behind. Transportation by motor car and aircraft has developed rapidly before our very eyes.

All these economic successes indicate that the technical reconstruction of the national economy was steadily being carried out. But this does not mean that we may rest content with the level that has been achieved. Quite the contrary. The tasks before us relating to the further technical equipment of industry and the whole of the national economy have become not smaller but greater.

The Second Five-Year Plan for *improving the material conditions and raising the cultural standard of the working people,* with an attendant rise of 100 per cent and over in the level of popular consumption, has likewise been fulfilled.

This is borne out in the first place by the fact that the production of consumers' goods doubled in the course of these years. In a number of very important branches of industry output not only doubled but considerably more than doubled, as, for instance, in the production of sugar, butter, sausage, knit goods and footwear.

While there was an 18 per cent increase in the number of workers and employees, the national payroll showed a 2½-fold increase, or a rise of 151 per cent, as against 55 per cent specified in the Second Five-Year Plan. Real wages of workers doubled during the Second Five-Year Plan (a 101 per cent increase).

State expenditures on cultural and other public services for workers and employees, that is, on education and public health, increased from 4,300,000,000 to 14,000,000,000 rubles, that is to say, more than threefold.

The prosperity of the collective farmers grew considerably during the Second Five-Year Plan period. This is apparent from the rising incomes of the collective farms and their members. Thus, cash incomes of collective farms during the years of the Second Five-Year Plan rose from 4,600,000,000 rubles to 14,200,000,000 rubles, that is, more than trebled. The average amount of money paid out per collective-farm household increased during this period three and a half times. Cash incomes distributed among collective farmers according to workday units showed a 330 per cent increase, the rise having been particularly great in industrial crop districts.

The increase from 1,000,000,000 rubles to 4,500,000,000 rubles in savings bank deposits is indicative of the growing prosperity of the population.

The following facts attest to the cultural growth of the population: The number of children attending primary and secondary schools increased from 21,300,000 to 29,400,000. The secondary schools grew particularly rapidly, there having been a twofold increase in attendance in the fifth, sixth and seventh grades and a fifteen-fold increase in the eighth, ninth and tenth grades. The number of university and college students reached a total of 550,000. The student body in our institutions of higher learning is greater than the combined total of Germany, England, France, Italy and Japan. The vast development of our political and educational work is indicated by the considerable growth of book and newspaper publication, the increasing number of libraries and moving-picture theatres, particularly those equipped for sound films. Our libraries contain 75 books for every 100 inhabitants of the Soviet Union, which is over three times as many as Germany had in 1934. In the republics of Kirghizia, Kazakhstan, Turkmenistan, Tajikistan, and Uzbekistan, that is, among the peoples of the Soviet East, the rates of increase in cultural development were greatest.

Considerable successes have also been achieved in the sphere of public health. Suffice it to say that the number of hospital beds was increased one and a half times during the years of the Second Five-Year Plan.

A total of 26,800,000 sq. metres of new housing space was thrown open to occupancy. It must be admitted that in this regard the Second Five-Year Plan was short of fulfilment by a considerable margin.

In trade the results achieved during the Second Five-Year Plan period were not small either. It need merely be stated that during 1935 the rationing system was abolished and the restricted sale, first of bread and then of all other foodstuffs and manufactured goods, was done away with. This we could achieve solely because of the rapid growth of industrial output and the considerable progress made in agriculture. The volume of trade in state and cooperative stores increased from 40,000,000,000 rubles to 126,000,000,000 rubles. In consequence of this prices on the collective-farm markets dropped considerably. However, we did not succeed in fulfilling the task set by the Second Five-Year Plan with regard to reducing retail prices of consumers' goods. But it is well known that the failure to make good in this respect was more than compensated by wage increases to workers and employees considerably in excess of the amounts provided for by the Five-Year Plan, as well as by the rapid increase in cash incomes of collective farms and their members.

In order to be able to correctly assess the scope of the work accomplished by the Soviet people during the years of the Second Five-Year Plan, let us compare the results of the Second Five-Year Plan with those of the First Five-Year Plan.

We have every right to be proud of our first great victory in the economic life and the socialist transformation of our country—the fulfilment of the First Five-Year Plan. The echo of this victory reverberated throughout the world. It was an historic event of international significance.

But in many respects the Second Five-Year Plan stood on a higher plane than the First Five-Year Plan.

Take, for instance, the following facts:

First, during the Second Five-Year Plan period, the national income more than doubled, or, to be exact, increased 110 per cent. This enormous rise in the national income may be taken as a general summary of the economic successes achieved under the Second Five-Year Plan.

Second, during the First Five-Year Plan period 39,000,000,000 rubles worth of new and reconstructed plant was put into operation, while during the Second Five-Year Plan period the corresponding figure was 103,000,000,000 rubles, a 160 per cent increase as against the First Five-Year Plan. This testifies to the fact that during the years of the Second Five-Year Plan conditions have been created in the Soviet Union which will make possible a further and much more powerful expansion of the national economy.

The successes achieved under the Second Five-Year Plan did not come to us of themselves. We won them in stubborn battle, overcoming considerable difficulties.

Remnants of the exploiting classes stood in our way. They clung desperately to their positions, but were completely swept away. However, after smashing the class enemy within the country, we did not dismiss the question of combating our class enemies.

As long as the Soviet Union is surrounded by a capitalist world, we cannot be discharged of the duty to contend with this encirclement, to fight against its constantly renewed attacks upon the Soviet power, upon the U.S.S.R. The intensified struggle against wrecking and espionage, which occupied a great deal of our attention during the last few years, speaks for itself. In this struggle capitalism, and particularly its fascist forces, made use of every means of struggle against the U.S.S.R., even the most despicable and foul. They stopped at nothing, and utilized for their purposes all those Trotskyite-Bukharinite-Yagodaite-Rykovite degenerates and their allies among the bourgeois nationalists. But it was beyond their power to stop the growth of the U.S.S.R. or even to retard its progress. We have learnt a new lesson in the class struggle, in the struggle against the capitalist encirclement, and, in particular, against the fascist forces of capitalism. Apparently, we shall be able to make use of this lesson for the purpose of intensifying in many respects our struggle against all enemies of the Soviet power, and to this end shall strengthen our state in every way.

Though we have purged the U.S.S.R. of hostile classes, of exploiters, we have not yet abolished classes altogether. There remain the working class and the peasantry. But they are no longer the former working class nor are they the former peasantry. Their role in society and in the state has changed. Their mode of life, their culture and morals have changed in many respects.

Having eliminated the remnants of the exploiting classes, we have established a society of two mutually friendly classes, the working class and the peasantry. This society has given rise to an intelligentsia of its own, which is no longer bourgeois or bourgeois-democratic, but is, in the main, a socialist intelligentsia. This intelligentsia, linked with ties of blood to the working people and to socialism, plays a great part in the work of directing the development and consolidation of the new society and state. The antagonism that used to exist between town and country has largely been uprooted, but a substantial difference between the above two classes still exists. This difference exists, primarily, because the workers are employed in establishments which are the possession of the whole people, are socialist-state in character, while the peasants work on the collective farms, which are socialist-cooperative in character. Both of these classes, the working class and the collective-farm peasantry, are already classes of socialist society. And while the working class, as the more advanced class and the one better trained for the establishment of complete communism, has retained its leading role, the peasantry in its turn does not maintain an attitude of passivity, but takes an active part in the building of the new society, in the building of communism. This principle is embodied in the new Constitution of the U.S.S.R., an instrument of the utmost importance, which is inseparably linked up with the name of Comrade Stalin. (*Loud and prolonged applause.*)

Does this mean that *all* workers and *all* peasants have become advanced members of our society? No, it does not mean this yet.

Even among the workers, some are advanced while others are backward, not to speak of degenerates. It is the same among the peasants: some are advanced and others are backward. Some, of course, are worse than simply backward. The advanced people of our day are the active and devoted builders of communism, the best champions in the struggle for the consolidation of our state. These advanced people of our society are already consciously followed by the overwhelming majority of workers and peasants. But even among workers, not to mention employees, petty-bourgeois habits are still very much alive. There are still quite a few left who are ready to grab from the state as much as they can, without caring a rap for the consequences. It is therefore necessary to fight for the interests of the state and for the strengthening of labour discipline in our offices and factories, to fight against loafers, good-for-nothings and those who flit from job to job. There are also quite a few among the peasantry who take no interest in the weal of the state or even of their own collective farm, who think only of stuffing their own pockets with money and goods at the expense of the state and the collective farm. Here, too, energetic steps must be taken to improve discipline and educational work. If such steps are not taken and intensive work is not carried on to bring up the working people in the spirit of consolidating socialist property and the state, it will be impossible to change backward people into conscious and active builders of communism.

Our strength lies in the fact that in the Soviet Union it is the most advanced of the people who set the mark. Who are these foremost people? They are politically conscious Communists, non-Party Bolsheviks, Stakhanovites, those in the lead on the collective farms and members of the socialist intelligentsia. These are the people who are fashioning the new life. Their number and social importance is growing with every day.

One of the most outstanding phenomena of recent times has been the Stakhanov movement, a new form of socialist competition that has developed among us. From the ranks of the working class have come people who, by dint of exemplary work in mastering the technique of production, rapidly occupied foremost, leading posts in their respective industries. By their high labour productivity based on improved organization, these Stakhanovites have pointed the road to new successes in industry. A counterpart of this movement is steadily gaining ground in the collective farms. The glorious deeds of Stakhanovite workers are being matched by the foremost among the collective farmers, and more and more of the working people are following their lead. There has never been anything like the Stakhanov movement under capitalism, nor can there be.

The Stakhanov movement is one of the most magnificent results of the Second Five-Year Plan. It is evidence of the growth of our forces, of the growth of their communist consciousness, a guarantee that the U.S.S.R. will achieve new and still more glorious successes.

Such are the results of the Second Stalin Five-Year Plan.

II. THE CHIEF ECONOMIC TASK OF THE U.S.S.R.

You know, comrades, that achievements have their seamy side, too. They sometimes evoke uncalled-for presumption. It cannot be denied that in some cases we are still uncritical and have a tendency to overrate our achievements. Therefore, we must analyse the facts as they are and see what they amount to.

We have indeed overtaken and surpassed the capitalist countries in our rates of industrial development. We have indeed overtaken and surpassed these countries in the technical side of production, as well. Both these achievements are of great consequence, but that is not all that is required. Comrade Stalin warned us long ago, at the Sixteenth Congress of the Party in 1930, that "*we must not confuse* rates of development of industry with the level of its development," that these are two totally different things; that "we are outrageously *behind* the foremost capitalist countries in our level of industrial development"; that we must have high rates of industrial development in order to "overtake and outstrip the advanced capitalist countries technically and economically."

Nevertheless, in some quarters people have begun to forget that we are still behind some capitalist countries economically, that is, in industrial output per head of the population. They have begun to forget that, strictly speaking, it is only a mere ten or twelve years since we were able to begin the task of lifting our country out of its previous underdevelopment. They have begun to forget that the lag which we must make good in order to catch up with the other countries is the result of more than a century of backwardness in Russia before the revolution. We must be sure not to forget this, and cannot possibly rest content with what we have achieved.

In the U.S.S.R. socialism has been built, but only in the main. We have still a lot of work, a tremendous amount of work to do before we can really provide the U.S.S.R. with all it needs; before we have an adequate output of all commodities, an abundance of all products; before our country is developed to such an extent, both technically and economically, that we shall not only not yield precedence to the most advanced capitalist country but tower far above it.

We have entered a new period of development, the period of gradual transition from socialism to communism. But this transition to communism implies an abundance of all commodities from which we are still far removed. This transition to communism implies so high a level of technical and economic development in our country as will exceed by far the present level of any capitalist country, even the economically most developed. Hence, we are faced with new problems, problems of enormous importance in the economic development of the U.S.S.R.

These tasks arise, first of all, from the fact that in respect of economic development, that is, per capita output of industry, we are still behind the most highly developed capitalist countries. Nor must we lose sight of the fact that the population of the U.S.S.R. is much greater than that of the U.S.A., is more than twice that of Germany, and is approximately four times the population of either England or France.

I shall supplement my theses with a few figures. Here is the table in point:

Per Capita Output of Some of the Principal Products of Industry in the U.S.S.R. and the Capitalist Countries

(U.S.S.R.—1937; other countries—latest figures published)

Branch of Industry	Unit	U.S.S.R.	U.S.A.	Germany	Great Britain	France	Japan
Electric power	kilowatt-hours	215	1,160	735	608	490	421
Pig iron	kilograms	86	292	234	183	189	30
Steel	„	105	397	291	279	188	62
Coal	„	757	3,429	3,313	5,165	1,065	643
Cement	„	32	156	173	154	86	60

These figures show that computed in terms of per capita output, we are well behind in the production of electric power, pig iron, steel, coal and cement. Yet, unless these industries are highly developed we cannot ensure maximum expansion for the machine-building and the defence industries, for transportation and the construction of new mills and factories. These figures further show that we still have much to do in the development of heavy industry, although we have been paying great attention to it all these years. Incidentally, it must be mentioned that there are major branches of heavy industry, like the oil industry, in which the U.S.S.R., while very much behind the U.S.A., is far in advance of Germany, France, Italy and Japan, where practically no oil is extracted.

Let us now turn to the question of the level of industry producing articles for mass consumption. There, too, as we shall see, the U.S.S.R. is behind in the per capita output of manufactures like cotton and woolen fabrics, leather footwear, sugar, paper, soap and some others.

Here is another table:

Per Capita Output of Some of the Principal Products of Industry in the U.S.S.R. and the Capitalist Countries

(U.S.S.R.—1937; other countries—latest figures published)

Product	Unit	U.S.S.R.	U.S.A.	Germany	Great Britain	France	Japan
Cotton fabrics . .	sq. metres	16	58	no data	60	31	57
Woolen fabrics .	metres	0.6	2.8	no data	7.4	no data	no data
Leather footwear .	pairs	1	2.6	1.1	2.2	no data	no data
Paper	kilograms	5	48	42	42	23	8
Sugar	„	14	12	29	8	21	17
Soap	„	3	12	7	11	10	no data

How is it that in spite of all we have done, and in spite of the tremendous rate at which our industries have grown, we are still behind the most highly developed capitalist countries economically?

The reply to this question is clear. Because not so long ago our country was terribly backward industrially, and, considering the size of the population, had an exceedingly low per capita industrial output.

In the short time which has elapsed since then it could not make up for the time previously lost.

Remember what Lenin wrote as long ago as 1913 in the *Pravda* of that day, in an article entitled "How to Increase the Per Capita Consumption in Russia?" Castigating the paid hacks of the bourgeois press, Lenin wrote:

> "Russia is still an incredibly backward country, backward to an unheard-of degree, poor and semi-barbarian, which, in equipment of modern instruments of production, is four times worse off than England, five times worse off than Germany, and ten times worse off than America."

In pointing this out Lenin made a scathing attack on the capitalists and landlords who were in power in Russia, because "by their oppression" they were "condemning five-sixths of the population to beggary and the whole country to stagnation and decay."

Lenin kept returning to this question again and again. In the same year, 1913, in an article entitled "Iron in Peasant Farming," he compared Russia of that date with Hungary. He cited illuminating facts about the economics of Hungary, where the reins of government were held by reactionary landlords, as in Russia. Lenin at that time established the following fact: In 2,500,000 out of the 2,800,000 peasant farms in Hungary, "ploughs with wooden coulters and harrows with wooden frames undoubtedly prevail, while almost half of the farm wagons have wheels with wooden hubs." And Lenin added: "The poverty, primitiveness and neglect of the overwhelming majority of our peasant farms is incomparably worse than in Hungary."

Such was really the case.

What was the level of industry at that time in Russia?

The per capita output of *electric power* in 1913 was one-seventeenth of the output in the U.S.A. and one-fifth of the output in Germany.

The per capita output of *pig iron* in 1913 was one-eleventh of the output in the U.S.A., one-eighth of the output in Great Britain, one-eighth of the output in Germany and one-fourth of the output in France.

The per capita output of *steel* in 1913 was one-eleventh of the output in the U.S.A., one-eighth of the output in Germany, one-sixth of the output in Great Britain and one-fourth of the output in France.

The per capita output of *coal* and lignite (in terms of coal) in our country in 1913 was one twenty-sixth of the output in the U.S.A., one thirty-first of the output in Great Britain, one-fifteenth of the output in Germany and one-fifth of the output in France.

That is how low the level of Russian industry was before the revolution. The landlords and capitalists who ruled the country used the iron hand of tsarism to shackle the mighty forces of our people and gave them no opportunity to develop.

Especially noteworthy is the fact that Russia at that time, far from overtaking the most highly developed capitalist countries, was, on the contrary, falling further and further *behind* them in a number of major industries.

Here are the figures for the production of pig iron in 1900 and 1913.

The per capita production of pig iron in tsarist Russia was *one-eighth* of the output in the U.S.A. in 1900, while in 1913 it had receded to only *one-eleventh* of that country's output. In comparison with Germany, the output of pig iron in Russia was approximately *one-sixth* in 1900, while in 1913 it had receded to *one-eighth*. In comparison with France it was *one-third* in 1900, while in 1913 it had receded to *one-fourth.*

The same applies to steel.

We can understand with what alarm and indignation Lenin, in the first of the articles I mentioned, wrote about the "increasing backwardness" of Russia, about the fact that "we are falling further and further behind."

That is why, just before the October Revolution, when Russia had been reduced to extremity by the imperialist war, Lenin put the question bluntly in an article entitled "The Impending Catastrophe and How To Combat It."

> "The war has created such an immense crisis, has so strained the material and moral forces of the people, has dealt such blows at the modern social organization, that humanity finds itself faced by an alternative: either it perishes, or it entrusts its fate to the most revolutionary class for the swiftest and most radical transition to a superior method of production.
>
> "Owing to a number of historical causes—the greater backwardness of Russia, the unusual hardships incurred by her because of the war, the utter rottenness of tsardom and the extreme tenacity of the traditions of 1905—the revolution broke out in Russia earlier than in other countries. The result of the revolution has been that the *political* system of Russia has in a few months caught up with that of the advanced countries.

> "But that is not enough. The war is inexorable, it puts the alternative with ruthless severity: either perish, or overtake and outstrip the advanced countries *economically as well.*"

Lenin put the question squarely: "Either perish, or overtake and outstrip the advanced countries *economically as well.*"

As you see, the task facing the Bolsheviks was no small one and no easy one; but the Bolsheviks were not to be frightened by difficulties. When the Bolshevik Party came into power, it set to work to solve this problem with the greatest enthusiasm. Much has already been done. Instead of lagging disgracefully behind the other countries, as Russia did before the revolution, the Soviet Union is steadily advancing from year to year, raising the level of development of its industry to the level of the most highly developed capitalist countries. The Bolshevik revolution saved Russia from her disgraceful backwardness as compared with other countries. It raised our industry to a high level. However, the problem has not yet been solved. We still have to admit that we are behind economically, but we do not intend to resign ourselves to this position and shall not do so.

The principal economic task of our country, of which Lenin spoke before the October Revolution, must now be faced squarely: the time has come to tackle in practice the main economic task of the U.S.S.R.: *to overtake and surpass also economically the most highly developed capitalist countries of Europe and the United States of America,* to solve this problem once and for all in the shortest possible time. This problem solved, we shall make the U.S.S.R. the most advanced country in the world in all respects: not only in respect to its political system—that we achieved long ago; not only in respect to its technical level of production—that we have also achieved. By solving this problem we shall raise the U.S.S.R. to world primacy economically as well. Then and only then will the significance of the new era in the development of the U.S.S.R., the era of transition from socialist society to communist society, be really revealed.

What must we strive for in practice in order to overtake and surpass the major capitalist countries economically?

Comrade Stalin has already told us in his speech what is necessary in the output of pig iron, for instance. I shall repeat these figures.

In order to surpass Britain in the output of pig iron, we must increase the annual smelting to 25,000,000 tons. This, by the way, is not much more than the objective set by the Third Five-Year Plan, under which we must increase our output of pig iron to 22,000,000 tons by 1942. In order to surpass Germany in the output of pig iron, we must increase the annual smelting of pig iron to 40,000,000-45,000,000 tons. This, as you see, is a much bigger task. Before we can surpass the U.S.A. economically we must have an annual output of pig iron of 50,000,000-60,000,000 tons. As you see, this is a gigantic task, a task which is far beyond the bounds of the Third Five-Year Plan.

I shall cite another example—electric power.

In the per capita consumption of electric power at the end of the Third Five-Year Plan period, the U.S.S.R. will outstrip the present level of France, but will still have only two-thirds of Germany's consumption and slightly over one-third of the present consumption of electric power in the U.S.A.

Need I explain why precisely now is the time to face squarely the task of "overtaking and outstripping"? That is clear without lengthy explanations.

We have amassed a tremendous amount of machinery in our industry and we have every chance of continuing our technical development at a rapid rate. We already have a large number of trained forces who have mastered technique and are ready for new and greater efforts to build up the economic power of the U.S.S.R. Furthermore, socialist society has already taken final shape in our country, and this society does not intend to and never will resign itself to being economically less developed than the capitalist countries, even though this is the result of the age-old historic backwardness of our country. That is why the Bolshevik Party must put the solution of this problem on the order of the day. At the same time we shall consider it our duty to utilize and apply extensively in our country all that is best in modern engineering and the technology of production, and also in scientific methods of organizing work. For this purpose we must utilize the experience of other countries in all respects, utilize it in Bolshevik fashion. Everything that can help us to speed the solution of the chief economic task of the U.S.S.R. must be taken into account.

The point now is to spur the ambition to accelerate our rates of industrial development, especially in heavy industry, which, in the last analysis, determines the rise of the whole national economy. The point is to fire the Bolsheviks and all honest people in our country with the ambition to put an end to the inadequacy of the economic level of the U.S.S.R. in the shortest possible time. It is now a question of developing competition in the field of economy between the U.S.S.R. and the major capitalist countries. This question has been transferred to the international arena. All the stronger, therefore, must be our endeavour to solve this new problem creditably.

As Comrade Stalin said in his report, time is needed for the solution of this problem. We need another ten or fifteen years at least, another two or three Five-Year Plan periods. The fulfilment of the Third Five-Year Plan must, in many respects, predetermine the solution of this problem. Then let the Third Five-Year Plan become our banner of victory in the arena of the international competition for economic primacy between the U.S.S.R. and the capitalist countries! (*Applause.*)

III. THE PLAN FOR THE FURTHER ADVANCEMENT OF OUR NATIONAL ECONOMY

The Third Five-Year Plan is a continuation of the first two Five-Year Plans. It is based on the further development of the same Bolshevik general line. It consistently pursues the line of the further industrialization of the U.S.S.R., which underlay all our past economic achievements and guarantees new and still greater progress in our economic development.

The Third Five-Year Plan provides for a tremendous advance in all branches of the national economy. This advance is particularly great in our industry, first and foremost in our heavy industry and defence industry. It ensures further progress in all the economic districts of the national republics, without losing sight of our major tasks in the interests of the state as a whole. This plan coordinates the development of the separate sections of the national economy, in pursuance of the general line, and provides for the accumulation of the necessary economic stocks and reserves. With the present enormous dimensions to which Soviet economy has grown, we cannot work normally and continue our advance in accordance with planned schedules unless the various industrial enterprises and the railways have sufficient reserves, such as fuel, for instance. But we require not only working reserves. In addition we need national reserves of fuel, electric power, manufactures and foodstuffs, not to mention a commensurate development of the railways and other forms of transport. The necessity for such reserves requires no proof, particularly in the light of our duty to ensure the defence needs of the U.S.S.R.

In the pre-Congress discussion on the theses for the Third Five-Year Plan, quite a number of valuable suggestions and amendments were proposed. Part of these suggestions should be duly considered when we adopt the Third Five-Year Plan theses in their final form.

As regards the collective farms, there is an obvious need for certain additions to the theses. These I shall deal with later.

The Third Five-Year Plan must take special account of certain shortcomings in the fulfilment of the Second Five-Year Plan. As an example I might refer to the state of affairs in the electric power industry.

As you know, the plan for the production of electric power in the Second Five-Year Plan period was very nearly fulfilled, that is, by 96 per cent, to be more exact; but, on the other hand, we are also aware that the plan of power station construction was only half fulfilled, by only 55 per cent. Hence, the increase in the output of electric power in the Second Five-Year Plan period was obtained at the cost of a somewhat excessive load on the existing electric power stations. This situation is obviously anomalous. It could only arise as a result of serious defects in the actual planning of our national economic development, for which a sufficient supply of electric power is of decisive importance.

Some people might say that in the present case it is not so much a question of defective planning as of shortcomings in the fulfilment of the plan, that is, of poor work in electric power construction and an inadequate output of electrical equipment. But such an argument would not hold water. Planning cannot be considered efficient if it takes no account of the course of plan fulfilment. Such swivel-chair planning, detached from the realities of life, is not worth much. Planning does not consist in piling up tables of figures, irrespective of how the plan is progressing. The tables themselves, of course, are indifferent to the fulfilment of our plans, but we who are conducting economic development according to plan cannot in the least afford to be indifferent.

We need plans in order to have a correct line for our economic activity. We need plans by branches and districts, by years and shorter periods, with the various constituent plans correctly coordinated with the corresponding time limits. Corrections must be introduced in the planned figures and time limits for individual industries and districts to bring them in accord with actual plan fulfilment. We need plans as a check-up on our economic activity. If a plan is not followed up by a control of its fulfilment, it becomes a scrap of paper, a mere nothing. This concerns all our economic organizations, all our economic work. If we seriously organize the checking up on fulfilment, we shall improve our economic work and our planning as well.

We did not pay enough attention to keeping a check on plan fulfilment. This neglect was often utilized by our enemies for wrecking purposes. We must put an end to such a state of affairs, and then our plans will play an even greater part in the economic life of the country. We already have a certain improvement in the sphere of planning, but the State Planning Commission and the People's Commissariats have still much work to do in this direction.

I shall now take up some points in the Third Five-Year Plan.

Under the Third Five-Year Plan the *national income* will increase (in 1926-27 prices) from 96,000,000,000 rubles to 174,000,000,000 rubles, that is, by 80 per cent. This, on the whole, corresponds to the *rates* of increase in the national income during the first two Five-Year Plans. The national income under the First Five-Year Plan increased also by 80 per cent; under the Second Five-Year Plan it increased 110 per cent. But in actual *amounts* the increase in the national income under the Third Five-Year Plan will be much greater than in previous years. In the First Five-Year Plan period, the increase in the national income was 20,500,000,000 rubles, in the Second Five-Year Plan period 50,500,000,000 rubles. Thus, during the two Five-Year Plan periods combined the national income of our country increased by 71,000,000,000 rubles. This, as you see, is not a small sum. But the increase in the national income under the Third Five-Year Plan is to total 78,000,000,000 rubles, that is, more than under the previous two Five-Year Plans put together.

I shall now deal with the various branches of our national economy.

1. Industry

The output of industry in the U.S.S.R. in 1942—the last year of the Third Five-Year Plan—is set at 180,000,000,000 rubles (in 1926-27 prices), as against 95,500,000,000 rubles in 1937, which represents an increase of 88 per cent. Thus, the increase in industrial output under the Third Five-Year Plan will be 84,500,000,000 rubles, which is much greater than the aggregate increase of output under the first two Five-Year Plans. When this plan is fulfilled, the volume of our industrial output will be approximately fifteen times as large as in pre-war times.

The average annual rate of increase of industrial output is set at 13.5 per cent, that is, at a somewhat smaller rate than during the Second Five-Year Plan period. It must, however, be borne in mind that by the end of the Third Five-Year Plan period each per cent of growth of industrial output will equal 1,800,000,000 rubles, as against the 950,000,000 rubles represented by each per cent of growth at the end of the Second Five-Year Plan period.

The plan provides for an average annual increase of 11 per cent in the output of articles of general consumption, and of 15 per cent in the output of the means of production. As a result the output of articles of general consumption is to increase 70 per cent by the end of the Third Five-Year Plan period, while the production of the means of production is to double, which will increase its share in the output of all industry from 58 per cent, at the end of the Second Five-Year Plan period, to 62 per cent at the end of the Third Five-Year Plan period. As you see, the plan provides for large rates of increase in the industry producing articles of general consumption, and at the same time for an even faster rate of development in heavy industry.

Here are the principal specifications for the major branches of industry producing *means of production:*

Increase in Output of Industry Producing Means of Production

Classification	1937	1942	1942 in per cent of 1937
Production of means of production (in million rubles, in prices of 1926-27)	55,200	112,000	203
Of which:			
1. Machine-building and metal-working industries (in million rubles)	27,500	62,000	225
Inclusive of:			
a. Metal-cutting machine tools (in units) .	36,000	70,000	194
b. Main-line locomotives (in conventional "E" and "SU" equivalents, in units) .	1,581	2,090	132
c. Main-line freight cars (in two-axle equivalents, in units)	58,800	90,000	153
d. Automobiles (in units)	200,000	400,000	200
2. Electric power (in million kilowatt-hours)	36,400	75,000	206
3. Coal (in thousand tons)	127,300	230,000	181
4. Oil with gas (in thousand tons)	30,500	54,000	177
5. Peat (in thousand tons)	23,800	49,000	206
6. Pig iron (in thousand tons)	14,500	22,000	152
7. Steel (in thousand tons)	17,700	28,000	158
8. Rolled steel, pipes and forgings from ingots (in thousand tons)	13,000	21,000	162
9. Chemicals (in million rubles)	5,900	13,400	227
10. Cement (in thousand tons)	5,500	10,000	183
11. Merchant timber hauled (in thousand cu. metres)	111,300	200,000	180
12. Saw-mill products (in thousand cu. metres)	28,800	45,000	156

I shall also indicate the principal specifications for industry producing *articles of general consumption:*

Increase in Output of Industry Producing Articles of General Consumption

Classification	1937	1942	1942 in per cent of 1937
Production of articles of consumption (in million rubles, in prices of 1926-27)	40,300	68,000	169
Of which:			
1. People's Commissariat of the Textile Industry	8,500	13,400	157
2. People's Commissariat of Light Industry . .	6,700	9,800	147
3. People's Commissariat of the Fish Industry	800	1,400	169
4. People's Commissariat of the Meat and Dairy Industry	2,900	6,100	206
5. People's Commissariat of the Food Industry	9,100	15,000	164
6. People's Commissariat of Agricultural Stocks	1,900	2,800	142
7. Producers' cooperatives (in prices of 1932) .	13,200	26,400	200
Separate Items of Production			
1. Paper (in tons)	831,600	1,300,000	156
2. Cotton fabrics, including undyed (in thousand metres)	3,442,400	4,900,000	142
3. Woolen fabrics (in thousand metres)	105,100	175,000	167
4. Leather footwear (in thousand pairs)	164,200	235,000	143
5. Granulated sugar (in tons)	2,421,000	3,500,000	144
6. Canned goods (in thousand conventional cans) .	873,000	1,800,000	206

Under the Third Five-Year Plan industries like machine-building, electric power generation, the production of chemicals, of special steels and of some other manufactures are to develop at a rate set above the average.

The main tasks of our industrial executives, in furtherance of the success of the Third Five-Year Plan, are as follows:

a) *Machine-building, iron and steel, and non-ferrous metal industries.* The task is to force the rate of development of machine-building, and thereby make possible a further great increase in the technical equipment of industry itself, of the other branches of the national economy, and of the national defence. This forcing of the pace in machine-building will inevitably lead to a new and greater advance, first, in iron and steel production: pig iron, steel, rolled steel and special steels; second, in non-ferrous metal production: copper, aluminum, zinc, lead, nickel, etc. On our success in the solution of this group of problems mainly depends the solution of the principal economic task of the U.S.S.R., the task of overtaking and surpassing the most highly developed capitalist countries economically as well.

In connection with the task of further developing mechanical engineering, we must emphasize the extraordinary importance of questions of *technical policy*. Not any kind of machine-building industry will do. We must develop an up-to-date machine-building industry, fully on a par with the principal achievements in world engineering. For instance, we must not merely increase the output of machine tools, but must insist on a decided increase in the proportion of high-efficiency lathes and special lathes, particularly of the automatic and semi-automatic types. This applies to all the other departments of machine-building. We must not let our machine-building industry fall behind modern technique, modern technical achievements, as will surely be the case if we become self-complacent or swell-headed in this regard. The policy on technique in Soviet machine-building must be fully abreast of engineering progress throughout the world.

b) *Fuel and the power base of the U.S.S.R.* The task is to advance at Bolshevik rates the fuel industry, which has fallen behind in recent years, especially coal and oil production, and quickly develop the construction of power stations and of electrical equipment. The expansion of the fuel and power base must not merely keep pace with the progress of industry and the national economy, but must run on in advance and create a sound basis for their further development. We must put an end to the present lag in the sinking of coal pits and the development of oil fields, and also in the cutting of peat and the quarrying of oil shales. Unless we have a decided and immediate improvement in the construction of power stations and in the development of coal and oil fields and of fuel bases in general in all the main economic districts of the country, we cannot solve the other great tasks which face us in the advancement of our national economy. Without such an improvement we shall not be able to provide a sound basis for the fulfilment of the Third Five-Year Plan.

In order to prevent the overloading of the transportation systems with tremendous shipments of fuel, we must ensure maximum rates of development for coal mining in the Moscow fields, in the Ural district, in the Far East and in Central Asia. The formation of a new oil-producing region, a "Second Baku," between the Volga and the Urals must be considered a task of prime importance and urgency to the state. We must put an end to our slow progress in the utilization of gases; we must make wide use of natural and industrial gases and also develop the underground gasification of coal; we must strictly hold to moderate and medium scales in the construction of electric power, heat-and-power and hydro-electric power stations, encouraging to the utmost the construction of small hydro-electric stations.

c) *The chemical industry.* Our task here is to quicken the advance of our chemical industry and the introduction of chemical processes into the national economy, for which we have boundless opportunities and the best prospects. Here it will be particularly important to collect and properly allocate personnel. Good organization of staffs of chemists, engineers, technicians and workmen, the extensive employment of scientists in the development of the chemical industry, and the introduction of improved processes should ensure the realization of the slogan: "Make the Third Five-Year Plan a chemistry plan."

d) *The production of articles of general consumption.* Our task is to bring about the utmost expansion of the production of articles of general consumption, by developing all branches of light industry, the food industry and local industry. We must do everything to quicken the development of the textile industry, which is trailing considerably behind the supply of its raw material—cotton. The maximum co-operation on the part of local Party, Soviet and trade-union organizations should do much to accelerate the increase in output of articles of general consumption.

e) *In the case of branches of industry* that have particularly fallen behind, like the timber industry, the production of building material, fisheries, and some others, we need drastic and immediate measures. The introduction of modern machinery and the proper organization of work, with a properly organized system of encouragement of the best, the most efficient workers, will provide a successful solution of the problem of making good the deficiencies of these branches.

f) *In all branches of industry, we must:*

First, increase the responsibility of executives—Communists and non-Party people—for the work in their charge, and be more insistent in our demand for real Bolshevik efficiency in work, which means that executives must concentrate mainly on the selection of personnel and on keeping a check on fulfilment.

Second, increase our efforts to raise the productivity of labour, to tighten labour discipline, to develop socialist competition and the Stakhanov movement.

Third, reduce the cost of industrial production and improve in every way the quality of production in all branches of industry.

The recent reorganization of the industrial People's Commissariats, that is, their division into smaller units, will bring the leadership of the People's Commissariats nearer to the respective establishments and is bound to have a favourable effect on the further advance of our industry.

2. Agriculture

The Third Five-Year Plan provides for an increase in the output of all branches of agriculture from the 20,100,000,000 rubles (in 1926-27 prices) at the end of the Second Five-Year Plan period to 30,500,000,000 rubles at the end of the Third Five-Year Plan period, or a 52 per cent increase.

What will be the increase in the various branches of agriculture?

As regards *grain* crops, the plan provides for a 27 per cent increase in harvest yields. This means that by the end of the Third Five-Year Plan period we must collect a harvest of grain crops amounting approximately to 8,000,000,000 poods. Are we equal to this task? Yes, we are. This is obvious from the fact that already in 1937, as the latest returns show, we had a harvest of 7,340,000,000 poods of grain, and thereby attained in all essentials the aim set by Comrade Stalin—to obtain a grain harvest of 7,000,000,000-8,000,000,000 poods. If we work well we shall certainly attain this goal of harvesting 8,000,000,000 poods. To appreciate what these figures mean, we need only recall that in pre-war times the average annual harvest of grain over a period of five years amounted to little more than 4,000,000,000 poods.

As regards *industrial* crops, the Third Five-Year Plan sets the following tasks for 1942: raw cotton—32,900,000 centners, 19 centners per hectare being the yield specified for irrigated fields, which means an increase in output of 28 per cent; sugar beet—a harvest of 300,000,000 centners, on the basis of a yield of 250 centners per hectare, or an increase in output of 37.2 per cent; flax fibre—8,500,000 centners, on the basis of a yield of 4.6 centners per hectare, or an increase in output of 49 per cent. We must increase the cultivation of crops like sunflowers, hemp, Indian corn, rubber-bearing plants and new bast plants. Horticulture and viniculture must be intensively developed. We must also provide for a further great increase in the cultivation of subtropical plants like tea and citrus fruits, as well as in sericulture. In the vicinity of large cities we must develop the growing of potatoes and other vegetables, as well as the breeding of livestock, on a scale that will assure them a sufficiency of potatoes and other vegetables and, as far as possible, of milk and meat.

Exceptionally favourable conditions have been created in our countryside for a rise in the productivity of collective-farm labour. In this respect cotton growing furnishes a very interesting example. No sooner had the state, acting upon Comrade Stalin's initiative in 1935, introduced special bonuses for increased cotton deliveries, than we began to record tremendous progress in a very short time. Just think: not so long ago, in 1934, the amount of cotton picked in the U.S.S.R. amounted to 12,000,000,000 centners, while in 1936 it already totalled 24,000,000,000 centners. In two years the cotton pick had doubled. That this was no adventitious increase we can see from the fact that the cotton yield and the total pick continued to increase steadily in the subsequent years.

Here are more detailed figures for the last five years referring to the Uzbek S.S.R., which is the main cotton producer in the U.S.S.R.:

Crop Yield and Gross Harvest of Raw Cotton in the Uzbek Soviet Socialist Republic

Year	Crop yield (in centners per hectare)	Total pick (in thousand centners)
1934	7.9	7,380
1935	11.6	10,828
1936	16.2	15,161
1937	16.1	15,279
1938	16.4	15,042

From these figures we see how cotton yield has progressed in Uzbekistan in the past five years. In 1934 the yield of cotton per hectare in Uzbekistan was 7.9 centners; in 1935, 11.6 centners; in 1936, 16.2 centners; in 1937, 16.1 centners; in 1938, 16.4 centners. It is no longer merely individuals or groups that have been so successful. No, this victory was achieved by the people of Uzbekistan, who have shown in practice what great potentialities are latent in our collective farms. (*Applause.*)

Thanks also to similar progress made in cotton cultivation in Azerbaijan, Turkmenistan, Tajikistan and in the Ukraine, the cotton problem is now solved in our country. The textile industry of the U.S.S.R. not only has an ample supply of cotton now, but is no longer able to work up all of it. If we had had no collective farms, such miracles could not have happened. (*Applause.*) But the collective-farm system, supported by the state with agricultural machines, tractors and mineral fertilizer, has completely altered matters.

The example of cotton should give all our agriculturists food for thought. It shows that we have now exceptionally favourable, previously non-existent opportunities for increasing the productivity of labour in agriculture, and this is not confined to the cotton fields. Since the collective farms have acquired strength, they have begun to show their real power for the advancement of agriculture. All this goes to show that the great aims set by the Third Five-Year Plan for agriculture can and must be attained.

The following measures should supply the basis for the further advancement of our agriculture:

First, the further mechanization of agriculture and its extension to every process of agricultural work, the unfailing and complete provision of tractors with trailer implements and the wider introduction of mechanization for industrial crops;

Second, the intensified application of scientific farming methods, with special attention to seeds;

Third, the introduction in agriculture of a proper system of fertilizing, an increase in the supply of mineral fertilizer and, in general, a more extensive use of chemical methods in agriculture;

Fourth, the adoption of proper systems of crop rotation and consequently the introduction of proper systems of land improvement.

Under the Third Five-Year Plan *livestock* will increase more rapidly than crops. During the Third Five-Year Plan period the number of horses is to increase by 35 per cent, cattle by 40 per cent, hogs by 100 per cent, and sheep by 110 per cent. The main prerequisite for such a rapid development of stock breeding is the great increase in fodder supplies envisaged by the plan. The area under fodder crops is to increase from 10,600,000 hectares to 23,600,000 hectares by the end of this period, which means an increase of 123 per cent. Now that the grain problem has been solved, the U.S.S.R. must solve once and for all, during the Third Five-Year Plan period, the livestock problem as well.

In the Third Five-Year Plan period our *state farms* must definitely become highly productive and highly remunerative. They must really become models of efficient farming.

The *All-Union Agricultural Exposition* which opens this year should play a great organizational part in improving agriculture. The foremost representatives of all branches of agriculture will take part in this exposition. But that is not the only thing. To qualify for the All-Union Agricultural Exposition, the collective farms, machine and tractor stations and state farms, and also the various categories of agriculturists, must show that they come up to certain fixed standards, which differ for the various crops, branches of agriculture and agricultural zones. These standards are such that when the whole mass of collective farms and state farms reach them we shall not merely fulfil but overfulfil the requirements of the Third Five-Year Plan as far as agriculture is concerned. Thus, the All-Union Agricultural Exposition is in effect a program of agricultural progress. It will serve to make the leading agriculturists popular all over the country, will popularize and disseminate the best examples of their work. This exposition will give rise to competition among collective farms, machine and tractor stations and state farms, among districts, regions and republics. It can and must play a big part in organizing further progress in agriculture and in ensuring the fulfilment of the tasks assigned in the Third Five-Year Plan.

I should like to add a few words on a question of supreme importance—the *collective farms.*

In many cases organizational questions have been seriously neglected by the collective-farm leadership. It is no accident that recently we have had to take a number of measures against breaches of the Rules of the Agricultural Artel. It was not without the influence of hostile elements and downright wreckers that the interests of the subsidiary establishments of the collective farmers began, in some cases, to be set up against the interests of the collective farms. But the peasants have only one sure way of making life better for themselves—the Bolshevik way of *strengthening the collective farms.* (*Applause.*)

We must put an end to breaches of the Rules of the Agricultural Artel, bring the size of the subsidiary plots and the number of cattle owned individually by the collective farmers within the range allowed, and give first consideration to the care of collective-farm property, to the consolidation of the collective farms. Then the subsidiary establishments of the collective farmers will also develop properly. This is the way to the further improvement of agriculture, to an abundance of produce in our country, to a well-to-do and cultured life for all collective farmers. The questions of collective-farm discipline and productivity of labour are also completely neglected in some cases. For instance, should we not ask ourselves if it is to be considered normal for some collective farms to have quite a number of members, collective farmers in name only, whose total year's work does not come to a single work-day unit or at most amounts to some twenty or thirty days' work, just enough to keep up appearances, so to speak? Are these real collective farmers, and should they enjoy all the advantages which the state has provided for the collective farms and their members?

And then another question. The organization of teamwork on the collective farms has played a great part in raising the productivity of labour and advancing agriculture. So far the team system has spread only to a small part of the collective farms. But this system has been justified by experience and deserves wide acceptance in the collective farms. It is along the lines here indicated that I think additions should be made to the theses on the Third Five-Year Plan.

3. Transportation and Postal, Telegraph and Telephone Communication

The enormous growth of the national economy of the Soviet Union and the wide incorporation of remote districts into the economic life of the country puts new big demands on transportation, especially the railways. I need only say that in 1937, for example, 90 per cent of the freight was hauled by the railways, 8 per cent by river transportation, and only 2 per cent by motor transport.

Under the Third Five-Year Plan, railway freight traffic is to increase from 355,000,000,000 ton-kilometres to 510,000,000,000 ton-kilometres, that is, by 44 per cent, while the total freight carried is to increase by 52 per cent. At the same time the gross output of industry and agriculture for this period is to increase by 82 per cent. From this it follows that we must take decisive measures to reduce the demands on railway transportation and improve our water and motor transport systems. From this it also follows that we must decidedly curtail cross shipments and certain long-haul shipments. If we correctly plan our industrial and agricultural production and our construction projects, we can eliminate much traffic by organizing the production of the necessary commodities locally. This includes the development of local collieries, the cessation of timber shipments from Siberia to the European part of the country, the prohibition of shipments of potatoes and other vegetables from one region to another, etc.

On the other hand, we must continue to increase considerably the technical equipment of railway transportation. The traffic coefficient per kilometre of railway track in our country is comparatively high. Thus, on the railways in the U.S.A. the annual traffic per kilometre of track is 1,900,000 tons of freight, while in our country at the end of the Second Five-Year Plan period we already had a load of 4,200,000 tons per kilometre. Therefore, our tracks, and our rolling stock, too, for that matter, are used much more intensively. This must be considered in our plan for strengthening the plant and the rolling stock of the railways. Our railway construction must ensure the inauguration of approximately 11,000 kilometres of new railway, as against 3,000 kilometres during the Second Five-Year Plan period. Eight thousand kilometres of second track are to be laid, and 1,840 kilometres are to be electrified. The number of locomotives must be increased by 7,370, mainly powerful locomotives, and particularly condenser locomotives. The number of railway cars is to increase by 178,000 four-axle freight cars and 12,000 passenger cars. Automatic coupling is to be provided for 300,000 cars, and automatic brakes for 200,000 freight cars.

Putting an end to the lag of water transportation and making it play a bigger part in the service of our national economy, especially in the haulage of bulk freights, such as timber, grain, coal and oil, is a problem that brooks no delay.

During the period of the Third Five-Year Plan the Northern Sea Route is to become a normally functioning water route providing us regular communication with the Far East.

Automobile transport is rapidly acquiring greater importance. The number of automobiles is to increase from 570,000 to 1,700,000 by the end of the Third Five-Year Plan period. As many as 2,000,000 chauffeurs, mostly truck drivers, must be trained during this time. The utilization of motor vehicles must be considerably improved.

Our civil aviation service is also developing rapidly, but its activities are somewhat too scattered. It should concentrate on the principal state air lines and see to it that the technical equipment of routes is brought up to the mark.

Under present conditions here, the development of postal, telegraph and telephone communications is of great state importance, but the production of communication equipment has been sadly neglected and the policy on technique is not sufficiently thought out. Serious attention must be paid to organizing and improving our communications facilities.

The Third Five-Year Plan imposes grave responsibilities upon our transportation and communication workers for the further expansion of these branches, the improvement of their technical equipment to meet modern requirements, and better organization in every respect.

4. Capital Construction

The huge plan for the promotion of the national economy in the Third Five-Year Plan period necessitates new construction on a corresponding scale.

The total volume of capital investments during the Third Five-Year Plan period is put at 181,000,000,000 rubles, as against 115,000,000,000 rubles invested during the Second Five-Year Plan period and 51,000,000,000 rubles during the First Five-Year Plan period. Thus, the volume of investments during the Third Five-Year Plan period exceeds the sum total of capital investments under both the First and Second Five-Year Plans.

For what *specific purposes* are these capital investments to be made?

More than half, or 103,600,000,000 rubles, is to be applied to industrial development, which is an increase of 76 per cent as compared with the Second Five-Year Plan. Of this sum, 87,200,000,000 rubles are to be invested in industry producing means of production, and 16,400,000,000 rubles in industry producing articles of consumption, an increase of almost 100 per cent as compared with the Second Five-Year Plan.

State investments in agriculture amount to 10,700,000,000 rubles, of which over 5,000,000,000 rubles are to be assigned to the machine and tractor stations. This does not include the investments to be made by the collective farms themselves in money and in kind.

Capital investments in transportation amount to 35,800,000,000 rubles, as against 20,700,000,000 rubles during the Second Five-Year Plan period, that is, an increase of 73 per cent. At the same time capital investments in railway transport are to increase by 82 per cent.

Now let us see what undertakings will be opened up for use as the result of these investments.

The plan provides for the *starting* of new and reconstructed establishments during the Third Five-Year Plan period representing a value of 182,000,000,000 rubles, as against 103,000,000,000 rubles during the Second Five-Year Plan period and 39,000,000,000 rubles in the First Five-Year Plan period. From this we can see that even taking into account the increase in building costs during the last few years, the establishments brought into operation during the Third Five-Year Plan period will represent a greater production capacity than that of the two previous Five-Year Plan periods put together. (*Applause.*)

This program of capital construction and the plan for the inauguration of new and reconstructed establishments will ensure a further great increase in the industrial plant of the U.S.S.R. and the building up of certain reserve capacities in the major branches of the national economy. Suffice it to say that our fixed capital in industry is to be doubled.

Taking industries separately, we shall have the following increases in production capacity: electric power—from 8,100,000 kw. to 17,200,000 kw., that is, more than double; coal—a 70 per cent increase, which, by the end of the Third Five-Year Plan period, will bring the capacity of the mines under the People's Commissariat of Fuel up to 285,000,000 tons of coal; oil refining—a 50 per cent increase; pig iron—up to 25,000,000 tons; steel—a 50 per cent increase; copper—a 140 per cent increase; aluminum—a 250 per cent increase; cement—a 50 per cent increase; automobile industry—a 140 per cent increase; cotton spinning industry (spindles)—a 50 per cent increase; loom manufacturing—a 450 per cent increase; paper—a 50 per cent increase; tire-treads—an almost 200 per cent increase.

Of the biggest industrial construction projects, I shall mention the following: Between the Volga and the Urals we are building a "Second Baku," which by the end of the Third Five-Year Plan period is to have an output capacity of 7,000,000 tons of oil. I might remind you that the Baku output of oil in 1913 was 7,700,000 tons. Near Kuibyshev we are working on a project which is the biggest of its kind in the world—the erection of two hydro-electric power stations with an aggregate capacity of 3,400,000 kw. These hydro-electric stations will solve the problem of irrigating the arid lands in the Trans-Volga area, will ensure us stable and plentiful harvests on these lands, and will likewise improve navigation on the Volga and the Kama. We are now solving the vast problem, so important to the state, of establishing a marine and ocean-going fleet, which also requires the establishment of new and powerful facilities for ship building. The Third Five-Year Plan calls for the completion of the Moscow and Gorky automobile works, and of the Magnitogorsk iron and steel mills. During the Third Five-Year Plan period not hundreds, but thousands, of large, small and medium-sized industrial establishments under a vast scheme of construction in all branches of industry will be put into operation throughout the country.

In the sphere of agriculture we shall build 1,500 machine and tractor stations. There is to be a great increase in repair facilities for tractors, combines and other agricultural machines. In the state farms, particularly intensive construction for stock-breeding purposes must be carried on and steps must be taken to instal running water in order to provide model conditions for the keeping of cattle. As regards irrigation and other reclamation schemes, the Third Five-Year Plan provides for the completion of huge projects like the Vakhsh, the Colchis, the Nevinnomys Canal and the Murgab Oasis development.

As you know, the shortage of materials is a big drawback in the building industry. The plan contemplates a considerable improvement in this respect. The new People's Commissariat, the People's Commissariat of the Building Materials Industry, must do its utmost to increase production, especially of standard and prefabricated parts.

The plan pays great attention to the proper *distribution* of construction projects among the several economic districts of the country.

The plan proceeds from the following premise: In keeping with the best interests of the state, industry should be brought nearer to the sources of raw material and the consuming districts. This will help to do away with irrational shipments and shipments carried over inordinate distances. It will also be instrumental in the further advance of the economically less developed districts of the U.S.S.R.

In the *main economic districts* of the Soviet Union we must secure a comprehensive economic development, which means that in each of these districts we must organize a fuel industry and the production of commodities like cement, plaster of Paris, chemical fertilizer and glass, as well as mass consumption goods of the light and food industries in sufficient quantity to meet the needs of these districts. Each republic, territory and region must produce foodstuffs in general mass demand like potatoes and other vegetables, dairy products, flour, confectionery and beer; also manufactures like fancy goods, needle trades goods, furniture, bricks, lime, etc. On the other hand, we must strictly forbid the construction of new plants in Moscow, Leningrad and a number of other major industrial centres of the country. Lastly, in the construction of new factories and mills we must prohibit such narrow specialization as would make the whole country depend upon one special factory for the supply of any given product. Our plans still err in this respect. We must resolutely put an end to this absurd schematism in construction plans.

The districts in the eastern part of the U.S.S.R., primarily the Far East, and also the districts located in the country's interior, are in a class by themselves. They are singled out for special attention in the Third Five-Year Plan.

The example of the *Far East* makes it particularly obvious that unless we have a comprehensive development of the principal economic centres of the country, we cannot safeguard our vital interests as a state. The Far East must produce locally all its requirements in fuel and, as far as possible, metal, machinery, cement, lumber, and building materials in general, as well as most of the bulk freights of the food and light industries. It goes without saying that the Far East must completely meet its own requirements in potatoes and other vegetables and in general must gird itself to effect a real improvement in agriculture and completely remedy its shortcomings in this sphere. In the Far East industrial construction is developing on a large scale and railways are being built at a rapid rate. During the Third Five-Year Plan period part of the Baikal-Amur Railway will start operations, thus adding another powerful unit to the transportation facilities linking the Far Eastern Territory and Siberia. We regard the Far Eastern Territory as a mighty outpost of Soviet power in the East which must be strengthened in every way. (*Thunderous applause.*)

The Third Five-Year Plan will greatly increase the economic importance of the Volga Region. The establishment of a rich oil industry, a veritable "Second Baku," and the construction of powerful hydro-electric stations, together with the prospective irrigation of the Trans-Volga area on a wide scale and a considerable advance in traffic volume over the Volga-Kama river basin will make this region a powerful economic centre, where new industrial construction will develop on a vast scale and great progress will be assured in every line of agriculture.

The plan ensures the further economic and cultural advancement of the *national republics* and *regions*. Of the various examples I might mention, I shall cite only the following large construction projects in the Union republics: In the Ukrainian S.S.R., the Krivoy Rog and Zaporozhye iron and steel mills are approaching completion. In the Byelorussian S.S.R., the second section of the Byelorussian state regional electric station is being completed, while extensive construction is under way to develop the peat fields. In the Azerbaijan S.S.R., construction has begun on the Mingichaur state electric station, while the railway between Minzhevan and Julfa, as also the second section of the Baku water works, will be completed. In the Georgian S.S.R., we shall complete the construction necessary for the draining of the Colchis lowlands, as well as the construction of the Black Sea Railway and the Tbilisi knit goods mill. In the Armenian S.S.R., we shall complete the construction of the Kanakir state electric power station and the "Sovpren" synthetic rubber works. In the Uzbek S.S.R., the construction of the Chirchik state electric power station and of the Tashkent calico and satin mill is to be completed. Furthermore, the construction of the Zeravshan reservoir is to be started. In the Tajik S.S.R., we are to complete the construction of the Vakhsh irrigation system and the Stalinabad underwear and dress goods factory. In the Turkmen S.S.R., we are to complete the construction of the Ashkhabad electric power station. In the Kazakh S.S.R., we are to complete the construction of the Balkhash copper works and the Guryev-Makat-Koschagyl oil pipe line, and to build a railway between Akmolinsk and Kartali. In the Kirghiz S.S.R., we are to complete the construction of the Kant-Rybachye railway and of the Chuya irrigation system. The realization of the main objective—to secure a comprehensive development of the principal economic centres of the country—will do much to strengthen the economic base of the national republics, territories and regions.

The plan requires the firm discouragement of *megalomania* in construction, which has become a positive obsession with a number of our executives; it requires the steady transition to the building of medium and small industrial units in all branches of the national economy, starting with electric power stations. This is necessary for the purpose of speeding up our rates of construction, so that new plants can be put into operation at the earliest possible date, and distributed over the principal economic districts of the country. Small and medium-sized electric power stations must come into vogue.

There are many instances of cases where we embarked upon the construction of gigantic projects, sank a lot of money into these schemes, but their completion dragged out interminably. As an example of what this megalomania can lead to I might mention the Frunze heat-and-power station in Moscow. This station was planned to be a giant, with a capacity of 200,000 kw., the first section to be rated at 100,000 kw. The builders have been on the job since 1932, and it is still unfinished. If we had gone about this job a little more modestly, if we had started off by building not one but several small heat-and-power stations, of, say, 20,000-25,000 kw. each, we would now have two or three heat-and-power stations completed in Moscow. There are quite a few such lessons we have had to learn.

Moreover, the wreckers, who were quite a bane to us in the field of construction, often resorted to various methods of disrupting building operations: They dissipated the money appropriated by starting many construction jobs at the same time. They froze investments by failing to finish a single one of the jobs they had begun. Besides, they began to reconstruct a number of plants just when we could not spare them.

Now we are faced with the task of energetically introducing *high-speed, express methods* of building. On this score we already have very instructive examples, such as that of parallel operations on construction jobs: building processes and equipment assembly being performed simultaneously, with the workers following a precise time schedule which had been carefully drawn up beforehand. This is possible when proper use is made of mechanization in the building industry, in accordance with a plan prepared in advance, when the technological process of construction is worked out to the last detail; when the required building materials, parts and prefabricated sections are prepared beforehand at the corresponding factories; when the work of the builders on a job is not organized any old way, but runs like clockwork. With express methods we shall accelerate and cheapen construction, while the workers, engineers and technical personnel will earn considerably more. Soon only such work will be considered real Bolshevik work on construction jobs.

5. Our Reserves and Potentialities

Now as to our reserves and potentialities.

1) Our business executives must pay more attention to the economics of production and *energetically combat mismanagement*.

In his speech at the conference of leaders of industry in 1931, Comrade Stalin said:

> "Owing to mismanagement, cost accounting principles have not been applied in a large number of our factories and business organizations. It is a fact that a number of factories and business organizations have long ceased to reckon, to calculate and draw up balance sheets of income and expenditure based on actual figures. It is a fact that in a number of factories and business organizations the conceptions 'regime of economy,' 'cutting down of unproductive expenditure,' and 'rationalization of production' have long gone out of fashion."

Comrade Stalin posed the question of what was necessary in order to increase our accumulations, in order to secure an increase in capital investments, to strengthen our defences and cover other state expenditure. He replied that this required:

> "putting a stop to bad management, mobilizing the resources inherent in industry, introducing and enforcing cost accounting in all our establishments, systematically reducing production costs, and increasing accumulation within every branch of industry."

Comrade Stalin's directives hold good to this day in every respect. We still have a lot of mismanagement, much excess expenditure, outrageously large losses of raw materials, much waste of fuel and electric power, disgracefully long stoppages of machinery. That means that in many cases no real struggle is being carried on to reduce the cost of manufactured goods, no real fight is being made to reduce construction costs.

We must put an end to this. We must fight harder against mismanagement and loss of whatever description. We must indeed get attention paid to economics, to the cost of the things we produce. We must ascertain exactly what the work of every establishment, every organization costs the state. But even now we have executives who consider it beneath their dignity to look at a balance sheet, to study returns, to bother about cost accounting. We must put an end to this unconcern for and ignorance of economics, as an anti-Bolshevik practice detrimental to the state. Then we shall have much less mismanagement.

For instance, can we leave unchallenged such disgraceful facts as the enormous delays occurring in the loading and unloading of vessels in water-way transportation? In 1937, before the wreckers had been ejected from the People's Commissariat of Water Transport, this demurrage reached staggering dimensions. Here are the facts: During season, that is, not counting time spent while laid up for winter or repairs, our dry-cargo tug boats were idle 35 per cent of their working time; oil tanker tugs were idle 33 per cent of their working time; raft tugs 33 per cent of their working time; dry-cargo barges 71 per cent of their working time; oil barges 56 per cent of their working time; sea-going tankers 29 per cent of their working time. Why, this means that the water transport fleet was standing idle for almost half of its working time. But even in 1938 matters did not improve. Our comrades in the water transport system must wipe off this stigma, put an end to these delays and set an example of efficient work.

But the example of the water transport system does not apply only to transport organizations; it is equally applicable to many industrial establishments, to state farms and machine and tractor stations. What we must achieve is that everybody in executive position, big and small, should always remember his responsibility to the state and the people, remember his duty to conserve public property, to husband it, to economize in expenditure and indeed take good care of the people's every kopek. (*Prolonged applause.*)

No less must we be careful with our fuel, must economize our raw materials, take care of equipment, look after our machines, and not waste our timber and building materials.

2) We must emphasize even more the *importance of mastering and using to the full the machinery* which we now possess in such great quantity. True, in a number of industries we have already

demonstrated the wonderful superiority of socialist economy over capitalist economy in this respect. Examine the facts. First example: Our electric power stations are working much more productively, with a much greater use coefficient, than the electric power stations of any other country. We use the capacity of our electric stations with twice the intensivity of the bourgeois countries. We can only feel gratified that in our country electric power generation has already been released from the manacles of capitalism and that we already receive its blessings in abundance. This, however, does not relieve us of the responsibility of preventing overload and risks. Another example: Every kilometre of railway track in our country is used more than twice as intensively as, say, in the United States of America. Of course, even rails have their limits; but let them, too, work harder and better for socialism than for capitalism. (*Loud and prolonged applause.*) It is also a well-known fact that farm tractors are used in the U.S.S.R. three times as productively as in the United States of America or in Europe. And this with many machine and tractor stations and state farms working far from well. But, if tractors are already working better for us than for Europe or America, that is cause for gratitude and hope that they will work still better in future. (*Loud applause.*)

But how much of our machinery is still inadequately utilized, how much splendid equipment is still standing idle for great lengths of time without benefit to the state! We must not forget this. Nor must we forget the big reserves that may be derived from the better application of inventions and rationalization measures. Huge new reserves will be revealed in our country as soon as we begin to show real solicitude for our host of inventors and rationalizers, and their assistants. We must actively encourage and promote their work, as Comrade Stalin teaches us, by giving them the necessary material and public support. (*Applause.*)

3) We must make greater efforts to *increase still more the productivity of labour.*

We are all well acquainted with Lenin's words that "labour productivity, in the last analysis, is the most important thing, the chief thing for the victory of the new social order." We know also that this thought of our great leader Lenin has been fully grasped by the shock workers and Stakhanovites of our industry and transport, that it has been thoroughly grasped by all the foremost people in the collective farms. But can it be said that there is real Bolshevik organization of effort to achieve a high level of labour productivity in all offices and factories, and in all collective farms? No, it cannot.

Here is an interesting fact. During both the First and the Second Five-Year Plan periods, the production plan for industry was exceeded. Both the First and the Second Five-Year Plans for industry were exceeded in spite of the fact that the plan of construction was not fulfilled in either case. How could this happen? This could happen only because the productivity of labour in both Five-Year Plan periods proved to be higher than the plans had specified. Consequently, despite all shortcomings in the organization of labour, the workers exceeded the plan figures for productivity of labour and proved to all that we still have a poor knowledge of our real reserves for the advancement of socialist industry.

Consider the following facts: The Second Five-Year Plan provided for a 63 per cent increase in the productivity of labour in industry. Actually it increased by 82 per cent. As you know, the productivity of labour in the building industry was to increase 75 per cent during the Second Five-Year Plan period. Actually it increased by 83 per cent. The shock workers and Stakhanovites disregarded these specifications in the Five-Year Plans. All honour and glory to them for their good work, for their overfulfilment of the plan in regard to productivity of labour. (*Applause.*)

Our plans for increasing labour productivity during the Second Five-Year Plan period were exceeded because no plan could have made provision for the rise of the Stakhanov movement. And this movement not only did appear, but spread throughout the whole country, spread from town to countryside. We know also that our leading collective farmers often vie with the workers in increasing productivity of labour. Many are the cases where our leading collective farmers, our splendid tractor drivers, combine operators and team leaders increased the productivity of labour to an extent previously undreamed of. Who in our country does not know the names of the splendid people of the period of the Second Five-Year Plan, to whom belongs the honour of having taken the initiative in increasing the productivity of labour and developing socialist competition? Who in our country has never heard of Stakhanov, Dyukanov, the Vinogradova girls, Nikita Izotov, Busygin the smith, Smetanin the Skorokhod boot and shoe worker, Krivonos and Ognev the locomotive engineers, Tchaikovsky the metal worker, Mussinsky of Archangel, Shashatsky and Gvozdyrkov the miners, the machine-tool maker Gudov, and many others? Who in our country does not know the names of our leading agriculturists, like Maria Demchenko, or Kolyesov, Borin, and the Oskin brothers, combine operators, Pasha Angelina and Pasha Kovardak, tractor girls, and many others?

In the matter of increasing our efforts to raise the productivity of labour we shall be guided by what Comrade Stalin said at the conference of Stakhanovites:

> "Why was it that capitalism smashed and defeated feudalism? Because it created higher standards of labour productivity, which enabled society to procure an incomparably greater quantity of products than was the case under the feudal system. Because it made society richer. Why is it that socialism can, should and certainly will defeat the capitalist system of economy? Because it can furnish superior models of labour, a higher productivity of labour, than the capitalist system of economy. Because it can give society more products and can make society richer than the capitalist system of economy can."

All this means that if we fight in real earnest against mismanagement, improve the employment of machinery in a Bolshevik manner, develop further the Stakhanov movement and put more energy into our struggle for increased labour productivity and for the actual, not merely nominal, application of the achievements of science and technology to all branches of the national economy, the result will be such an advance in the national economy, such an advance in industry, such an advance in agriculture, such an advance in transportation and all other departments of economic life as we have never witnessed before, as is possible only on the basis of socialist society become strong.

4) If we are to achieve this, we must *not weaken, but strengthen, our criticism of the defects* in the work of some of our organizations and executives. We must poke fun at the petty-bourgeois boastfulness from which we suffer. Then our business leaders will not lose sight of the Bolshevik guiding thread in the daily routine, nor, on the other hand, will they lose sight of the so-called minor problems, the neglect of which has so often spoiled the success of our work. Unless we have Bolshevik criticism and self-criticism we cannot have Bolshevik leaders. When criticism and self-criticism are practised for the purpose of arriving at a better and quicker solution of problems, of breaking down red tape and dispelling the petty-bourgeois prejudices of stick-in-the-muds, the forces for victory are not weakened, but mobilized for action. We must put new life into our administrative staffs and improve their work to the utmost.

Millions of people in our country are burning with eagerness to go forward, to accelerate the solution of the fundamental economic task of the U.S.S.R.—in the shortest possible time to overtake and outstrip the most highly developed capitalist countries economically. The Third Five-Year Plan assigns the immediate tasks directed toward the prompt attainment of this goal. The more conscientiously we all discharge our duties, the more exacting toward themselves our organizers, our leaders, are, the greater will be our success. (*Applause.*)

IV. PLAN FOR A FURTHER RISE IN THE MATERIAL AND CULTURAL STANDARD OF THE WORKING PEOPLE

The time is long past when our country knew unemployment, from which so many millions of workers suffer under capitalism today. The time is long past when there were so many villages in our countryside with such appropriate names as Starvehurst and Hungryville. A good third of the peasants, if not more, were chronically undernourished and could never hope to improve their condition under the old regime. If capitalism had been preserved in our country, it would have had today, like every capitalist country, many a million unemployed in the towns and tens of millions of hungry and semi-ruined peasants in the countryside. But we have now definitely left that state of affairs behind us and are making plans for a rise in the national standard of living which no country, even the richest and capitalistically most developed, can dream of, and which will fully meet the rapidly growing demands of the working people of town and country.

The Third Five-Year Plan provides for *an increase in national consumption of from fifty to one hundred per cent.* Has there ever been anything like it in capitalist countries? Let at least one capitalist country undertake to raise the standard of living of its people to, well, let us say half the extent of our plan. Let those who boast of bourgeois progress, of the wealth of capital, and so on, try to undertake anything like this. It would be interesting to have a look at such people. But, as you know, they are not to be found. The ruling classes of the capitalist countries do not breed individuals of such bold enterprise.

What does our plan provide for?

I shall begin with the working class.

The plan provides for an increase in the number of workers and employees from 27,000,000 to 32,000,000, or by 5,000,000 persons.

The average wage of workers and employees is to increase during the period of the Third Five-Year Plan by 35 per cent. The total annual payroll of workers and employees is to increase by over 60 per cent. Of course, increases in wages will be greater in some categories of workers and employees than in others. Those who work better will be ensured an increase in remuneration well above the average level. The Bolsheviks have always been opposed to equalization in wages, as an alien, petty-bourgeois tendency. We must more consistently than ever pursue the policy of giving a material inducement for high productivity of labour on the part of our workers, foremen, engineers and all others professionally trained.

Now as to the peasantry.

The plan envisages a considerable increase in the incomes of the collective farmers in the period of the Third Five-Year Plan. The measures to be taken to improve agriculture should increase by over 70 per cent the cash incomes received by collective farmers for their workday units and from the sale of agricultural produce. If we bear in mind, in addition, the increase in the peasants' incomes derived from the further growth of the handicraft industries and other sources of earnings, we may safely say that the increase in incomes in the countryside will be even larger.

It will be seen from this that during the period of the Third Five-Year Plan the incomes of workers, peasants and intellectuals will increase by considerably more than 50 per cent. The question, therefore, is to what extent the increase in goods in the market will correspond to the growth of income.

The reply to this question is furnished by the following two tables:

The Third Five-Year Plan provides for a 72.5 per cent increase of retail trade in manufactured goods. The increase for individual classes of goods will be as follows:

Increase in Market Supply of Principal Manufactured Goods

Commodities	1942 in per cent of 1937
Cotton fabrics	160
Woolen fabrics	236
Knit goods	182
Needle-trades goods	163
Footwear (various kinds) . . .	160
Furniture	275

This table shows that in a number of the most important consumers' goods, the increase in the amount supplied to the market will not only keep pace with the increase in the incomes of the working people but even exceed it.

As regards foodstuffs, the Third Five-Year Plan provides for a 53 per cent increase in trade in these articles. The increase for individual staples will be as follows:

Increase in Market Supply of Principal Foodstuffs

Commodities	1942 in per cent of 1937
Cereals	194
Macaroni	185
Meat	202
Poultry	263
Sausage	203
Fish, including herring	161
Butter	173
Sugar	149
Canned goods	305
Eggs	250
Cheese	197

This table shows that in the case of a number of the principal staples, including meat, butter and eggs, the increase in the amounts supplied to the market will be even larger than in the case of manufactured goods. But inasmuch as the consumption of commodities like flour, bread, salt and vodka, for instance, cannot, for obvious reasons, increase quite so rapidly, the increase in the amount of foodstuffs supplied to the market will, on the whole, be somewhat less than the increase in the amount of manufactured goods supplied to the market. It will be easily understood that this is fully in accord with the interests of the general mass of consumers.

It should be added that according to the plan the volume of public catering is to double. Lastly, it is calculated that trade in the collective-farm markets will more than double.

Provision must be made to increase the number of state and cooperative retail stores accordingly, and to increase the efficiency of the trading system generally. It is time that the People's Commissariat of Trade exercised its right to use the lower floors of new houses as trading premises. We must also develop the building of wholesale centres, warehouses, and cold storages, and organize the cartage and delivery of goods on proper lines. We must increase the number of shops and trading booths in rapidly developing agricultural areas, and stock them with goods to meet the growing demand of the peasants for household, repair and building materials.

Both as regards rate of growth of income and rate of growth of trade, the plan envisages a certain advance of the countryside over the town. This is in accord with the Soviet government's policy of gradually bringing the material and cultural standard of the rural population into line with that of the urban population. It corresponds with our aim—that the working class, the foremost class in our society, should aid the peasantry, whose standard of living has for centuries been lower than that of the working class.

Parallel with this, there will be a considerable increase in government expenditure on *cultural and public services* for the working people of town and country.

Expenditure on social insurance and government expenditure on education, health, aid to mothers of large families, and other cultural and public services for workers and employees will increase during the period of the Third Five-Year Plan to 53,000,000,000 rubles, or by more than 70 per cent. Government expenditure on measures directly related to the improvement of public health will increase from 10,300,000,000 rubles in 1937 to 16,500,000,000 rubles in 1942. These augmented government appropriations will go to improve the hospital service, extend sanatorium treatment and prophylactic measures, increase maternity aid, add to the number of children's hospitals, and improve labour protection, the services provided for working people during vacations, and the facilities for recreation and sport. The number of hospital beds in the cities of the U.S.S.R. will increase by 30 per cent. The number of hospital beds in rural areas will increase as follows: in the R.S.F.S.R. by 35 per cent; in the Ukrainian S.S.R. by 43 per cent; in the Uzbek, Tajik, Kazakh and Kirghiz Republics by nearly 100 per cent; in the Byelorussian, Azerbaijan and Georgian Republics by over 100 per cent; in the Armenian Republic by over 200 per cent; and in the Turkmen Republic by over 400 per cent. Accommodations in permanent nurseries and kindergartens are to be increased during the period of the Third Five-Year Plan to 4,000,000 places, as compared with 1,800,000 at the end of the Second Five-Year Plan period. Accommodations in seasonal nurseries and kindergartens are to be increased from 5,700,000 places to 13,600,000 places.

With the object of remedying the housing shortage, building operations in cities and industrial hamlets will be intensified. During the period of the Third Five-Year Plan, 35,000,000 square metres of new housing space will be made available for occupation. In addition, it is estimated that private individuals building their own homes will add another 10,000,000 square metres of housing space. We must see to it that this plan is carried out without fail. I must mention here an innovation introduced by the Moscow Soviet. On the initiative of architect Mordvinov, the Moscow Soviet has adopted a special plan of housing construction, over and above its regular plan, providing for the building of 23 houses with a total of 1,610 apartments in the course of this year. These houses will be built by the express method and with the wide use of standard building parts, which is something to be highly encouraged. The experience gained from this experiment in Moscow should be applied in other cities.

The plan for city development contemplates a considerable extension of operations for the improvement of urban and industrial centres. It provides for the installation of water supply systems in 50 towns, sewage systems in 45 towns, and street car services in 8 towns. There must be considerable improvement in the building of new public baths, a matter which has been unpardonably neglected. In the cities there must be a real improvement in gas supply, and the practice of hauling huge amounts of wood fuel to the principal cities, which is an obnoxious survival of the past, must be positively reduced to a minimum, and subsequently abandoned altogether.

The Third Five-Year Plan outlines a big program of *cultural development*.

It provides that full secondary education be made universal in the cities and towns, and that education up to and including the seventh class be made universal in the rural districts and in all the national republics. The number of children attending elementary and secondary schools in towns and industrial hamlets is to increase from 8,600,000 to 12,400,000, and in rural localities from 20,800,000 to 27,700,000. Thus, by the end of the Third Five-Year Plan period we shall have over 40,000,000 elementary and secondary school pupils, as compared with 8,000,000 in pre-revolutionary Russia. As to the eighth, ninth and tenth classes of the secondary schools, there are already in these classes twelve times as many pupils as in the old days, and in 1942 there will be 34 times as many as before the revolution. (*Applause.*) Today there is hardly a working-class family where there are no children with a secondary school education. And the number of families of workers and employees as well as of peasants in which children are receiving a higher education is growing from year to year.

It is interesting to note the growth in attendance at the elementary and secondary schools of the various republics: in the R.S.F.S.R., the Ukrainian S.S.R. and the Georgian S.S.R. it will be 25-35 per cent; in the Byelorussian, Kirghiz and Kazakh Republics 40-50 per cent; in the Azerbaijan, Uzbek and Armenian Republics 55-70 per cent; in the Turkmen and Tajik Republics 90 per cent. Here we see that in those republics in which schooling was practically unattainable by the working people in the past the situation has decidedly changed. While the progress in public education is considerable in all the republics, particular assistance in the advancement of education is given to the more backward national districts.

In view of the vast number of boys and girls who finish secondary school and in the majority of cases enter some practical profession, it is desirable that on graduating from secondary school they should have already received at least some preparatory training for their future professions. This is a very important question, one to which the People's Commissariats of Education—and not only these Commissariats—should give their attention.

The number of students in universities and technical colleges will reach 650,000 in the period of the Third Five-Year Plan. And here main stress must be laid on improving the quality of higher education and, in this connection, on supplying the students with first-class textbooks.

There will also be a further growth in the training of skilled workers in the basic trades—in factory training schools, and in courses for tractor drivers, chauffeurs (mostly truck drivers), and so on. Vocational training of this kind should supply over 8,000,000 skilled workers in the various trades during the period of the Third Five-Year Plan.

The trained personnel with secondary education is to increase 90 per cent by the end of the Third Five-Year Plan period; the trained personnel with higher education is to increase 72 per cent, from 750,000 to 1,290,000.

There will be an increase in the number of theatres and moving picture houses open to the general public, of clubs, libraries, reading rooms and cultural centres. The radio and the film, especially sound films, have become a huge cultural force of vast political significance.

Scientific institutions are growing in number. The Third Five-

Year Plan opens up exceptionally favourable opportunities for our progressive Soviet science.

When we say that a veritable cultural revolution has taken place in our country during the past few years, this is no empty phrase. Indeed, we have created immense forces of intellectuals, of whom until quite recently we experienced a great shortage.

We have hundreds of thousands of offices and factories, and, in addition, 240,000 collective farms. All these require large forces of managerial personnel. Here are some figures supplied to me by Comrade Sautin, head of the Central Board of National-Economic Statistics of the State Planning Commission of the U.S.S.R., showing the number of executive personnel in our offices, factories and collective farms:

Number of Executives of Institutions and Establishments, as of January 1937

1. Executives of administrative, public health and cultural institutions	450,000
2. Directors and other executives of state industrial establishments, shops and departments	350,000
3. Chairmen and vice-chairmen of collective farms, and collective-farm dairy and livestock department superintendents	582,000
4. Directors of machine and tractor stations and of state farms, and state-farm dairy and livestock department superintendents	19,000
5. Heads of producers' cooperative organizations	40,000
6. Store managers and department heads	250,000
7. Managers of restaurants and other public eating places . . .	60,000
Total	1,751,000

We may therefore consider that the executive personnel in our country numbers not less than 1,750,000 persons. Actually, the figure is much higher, for we should undoubtedly count foremen, leaders of farm brigades and teams, and others as executive personnel, although they are not included in the figure mentioned. It would be more exact to say that this figure of 1,750,000 includes only the higher and intermediate executive personnel in our country.

Now let us consider the Soviet intelligentsia as a whole. Its composition, according to the figures of the Central Board of National

Economic Statistics of the State Planning Commission of the U.S.S.R., is as follows:

Composition of the Soviet Intelligentsia, as of January 1937

(By professions)

1. Directors and other executives of establishments, institutions, factory departments, state farms, collective farms, etc.	1,751,000
2. Engineers and architects (exclusive of directors and other executives of establishments and factory departments) . .	250,000
3. Intermediate technical personnel (technicians, construction chiefs, foresters, railroad station masters and others) . . .	810,000
4. Agronomists	80,000
5. Miscellaneous scientific personnel for agriculture (land surveyors and persons specially trained in land improvement, scientific farming and stock breeding)	96,000
6. Scientific workers (professors, university faculty members and others)	80,000
7. Teachers	969,000
8. Cultural workers (journalists, librarians, club managers and others)	297,000
9. Art workers	159,000
10. Physicians	132,000
11. Intermediate medical personnel (feldshers, midwives and trained nurses)	382,000
12. Economists and statisticians	822,000
13. Bookkeepers and accountants	1,617,000
14. Judiciary and procurator staffs (judges, procurators, investigators and others)	46,000
15. University and college students	550,000
16. Miscellaneous groups of intellectuals (inclusive of the intelligentsia in the armed forces)	1,550,000
Total	9,591,000

As you see, our intelligentsia now represents a substantial force of 9,600,000 persons. If we bear in mind that many of the skilled workers in our factories already have a secondary education, this figure should be considerably raised. But even 9,600,000 intellectuals and kindred groups of workers in our Soviet state constitute an imposing figure. Counting members of families, our intelligentsia now comprises about 13-14 per cent of the population of the U.S.S.R. (*Loud applause.*) It will make its influence felt more than ever when its cultural and technical knowledge and communist consciousness are raised to the level we desire to achieve in the very near future.

It is not difficult to realize how far behind the U.S.S.R. has left the Russia of pre-revolutionary days. I shall cite only one example, some figures showing the number and composition of the intelligentsia in the Kursk Province in 1913 and in the Kursk Region—which differs very little in size from the former Kursk Province—in 1937.

In 1913 there were 3,000 elementary and secondary school teachers in the Kursk Province; in 1937 there were 24,000 in the Kursk Region. There were 274 physicians; now there are 941. There were 636 persons belonging to the intermediate medical personnel—feldshers* and midwives; now there are 2,357. There were 70 agronomists; now there are 2,279. On the other hand, there were 3,189 members of the clergy; now there are 859. Here there is a big drop. (*General laughter.*) Against this, there are in the present Kursk Region many intellectuals working in Party, Soviet and trade union organizations, whereas there were none such before. These facts need no commentary.

It is in the light of these facts that we must examine the program of cultural development in the Third Five-Year Plan. This program has one basic aim, namely, to make a big forward stride in the historic task of *raising the cultural and technical level of the working class to the level of engineers and technicians.* To bring out the importance of this task, I would remind you of what Comrade Stalin said at the Stakhanovite conference:

> "The elimination of the distinction between mental labour and manual labour can be achieved only by raising the cultural and technical level of the working class to the level of engineers and technicians. It would be absurd to think that this is unfeasible. It is entirely feasible under the Soviet system, where the productive forces of the country are freed from the fetters of capitalism, where labour is freed from the yoke of exploitation, where the working class is in power, and where the younger generation of the working class has every opportunity of obtaining an adequate technical education. There is no reason whatever to doubt that only such a rise in the cultural and technical level of the working class can undermine the basis of the distinction between mental labour and manual labour, that it alone can ensure the high level of productivity of labour and the abundance of articles of consumption which are necessary in order to begin the transition from socialism to communism.
>
> "In this connection, the Stakhanov movement is significant for the fact that it contains the first beginnings, still feeble, it is true, but nevertheless the beginnings, of precisely such a rise in the cultural and technical level of the working class of our country."

For the achievement of this huge task of abolishing the distinction between mental and manual labour, five or ten years will, of course, not be enough. Its full achievement will require several decades. But we are making good progress along this path. The Third Five-Year Plan will bring us a step closer to the accomplishment of this great aim.

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* Feldsher—a medical practitioner of limited authority, primarily for first aid.—*Tr.*

As you see, the aim set in the Third Five-Year Plan of a further rapid rise in the material and cultural standard of the working people, and the satisfaction of the growing and variegated demands of the peoples of the U.S.S.R., is in harmony with the new era, the era of gradual transition from socialism to communism, on which the U.S.S.R. has entered.

The apologists of the bourgeois system cut a poor and ridiculous figure. Reams of paper have been filled in the attempt to show that socialism means poverty and want, that socialism is worthy of barbarians and not of civilized people. Piles of books are still being published and millions of tons of newsprint wasted on the dissemination of the lie that communism means making all men equal in poverty and intellectual dearth, that communism is a long step back from modern capitalist society. These wretched fables of the bourgeois hacks have been exploded by the progress of the Soviet Union. In vain do the bourgeoisie and its minions—the Trotskyites, fascists, Mensheviks and Socialist-Revolutionaries—waste so much valuable paper on this hopeless cause. Why, it is nothing short of a crime, an unpardonable waste of public wealth, of that invaluable article, paper, which is so indispensable to real culture. Today, after all that has been done in our country to increase the national prosperity and to raise the cultural standard of the working people, today, when new colossal plans are being mapped out for the production of every kind of article and product, and when wide prospects have been opened for the creation of real abundance in the U.S.S.R., today so much paper and effort can be wasted on these nursery tales about the Soviet Union only by those who burn the classics of literature and science in their public squares and whose brains are impregnated with the soot of these bonfires, or by those who no longer believe that decaying capitalism can be defended by fair means.

To us the conclusions to be drawn from all these facts are clear.

We are well aware that our Soviet system has already created all the requisites for a further rapid rise in the material and cultural standard of the working people, for the creation of an abundance of goods and products, and for the satisfaction of the rapidly growing cultural demands of the working people. Everything now depends on the growing communist consciousness of the workers, peasants and intellectuals. It is on the success of communist education, in the broad meaning of the term—a communist education embracing the whole mass of the working people and the whole body of the Soviet intelligentsia—it is, above all, on our success in this sphere that the accomplishment of all our other tasks depends.

V. SIGNIFICANCE OF THE THIRD FIVE-YEAR PLAN

The Third Five-Year Plan differs substantially from the First and Second Five-Year Plans. At that time the purpose was to lay the foundation of socialist society. Now socialist society has, in the main, been built. The Soviet Union has entered a new phase, the phase of completion of the building of classless, socialist society and of gradual transition from socialism to communism. That is the chief difference between the present and the earlier period.

The new phase entails new duties and new difficulties. We know that every undertaking, even the smallest, has its difficulties. And the huge growth in the strength of our country also presents certain difficulties. Our situation being what it is, we have to consider not only purely internal questions, but also questions that arise because of the existence of a hostile imperialist encirclement. But one need only glance at the faces of the people of our country to see that they have never been so happy as they are now, when tackling the complex and difficult tasks involved in the gradual transition from socialism to communism. (*Applause.*) This can be explained only by one thing, namely, that they are sure they will win, that they have an unshakeable faith in victory!

The working people of the U.S.S.R. know exactly what has to be done next, what is the principal task of the moment. This task may be defined as follows: to initiate along the whole line competition for economic primacy with capitalism, with the economically most developed capitalist countries of Europe, and with the United States of America. This implies a struggle to overtake and outstrip the advanced capitalist countries economically.

We might be told: "Here you are, entering into a match with the capitalist countries when you have not yet overtaken them." But that does not worry us. It is true that in the U.S.S.R. the output per head of population of such important industries as, let us say, pig iron and electric power production is less than in the United States or Germany. But, on the other hand, it is indisputable that the technical level of our industry is already higher than that of any other country of Europe, not to mention agriculture, the technical level of which is not lower than even that of America. And, what is most important, our young Soviet state has gained full strength and abounds in energy, health and unshakeable unity. (*Stormy applause.*) And so we think that it is high time the young but already robust Soviet forces entered the arena of international competition for economic primacy. (*Applause.*)

This, of course, is no threat; and such peaceful competition can injure nobody. Nevertheless, it will be a trial of strength on a big scale.

It must be confessed that nobody is challenging us to competition. (*Laughter and applause.*) It may even be said that, generally speaking, we came into the world uninvited. But having come into the world, we want to uphold, and shall uphold, the cause of the October Revolution. (*Applause.*)

They may say: "We have our hands full without your competition. We have enough worries as it is." (*Laughter and applause.*) Let them! On suitable occasions we did collaborate with bourgeois countries, and think it quite expedient to do so. Nor have we any intention of refusing to do so in the future, but shall strive to extend this collaboration with our neighbours and with all other states as much as possible. However, we are going our way, and capitalism is going its way. History confronts the U.S.S.R. not only with the question of collaborating with the capitalist countries but also with the question of a competition between the two economic systems—the new and the old, between the U.S.S.R. and the principal capitalist countries—for primacy in the economic field.

We enter this competition confident in our inherent powers and sure of our victory. The picture is quite different in the capitalist camp. There they have long since lost faith in inherent powers of development. There, passions are raging over a new redivision of the world. There—some with knives in their belts, others with sword in hand—they are fighting for colonies and for a recarving of states in the interests of the stronger powers. There, they hold forth in endless speech on the subject of who was cheated, and by whom, in the division of colonial territories after the first imperialist war, on who was the robber and who the robbed in the division of spoils during the last reshuffling of colonies and in the post-war sharing up of territories in Europe. There it is no longer a question of mere threats of war. An imperialist war, involving a number of countries in Europe and Asia, is already on and has assumed vast dimensions. The danger of a new world-wide slaughter is growing, and it comes chiefly from the fascists and their sponsors.

But our people, after all, may have their own opinion in this matter. They will proceed primarily from their own experience, from the way the nations of the Soviet Union are accomplishing their economic development and steadily advancing along the road of progress, not by the seizure of colonies and the receipt of help from outside, but exclusively through the growth of the internal forces of the country. In our country a way has been found to economic development and the advancement of national cultures without the exercise of violence by one nation against another, but by the concerted effort of many nations in one common cause. Even in our country, not all the republics are equally developed in the sphere of industry and agriculture. Some are more developed in one way, others in another. But we have found a splendid means of uniting in one common effort the efforts of all the workers and peasants of the multi-national Soviet Union, of uniting the efforts of different nations, of having one nation help the other and of working for one common end. Our people might turn to the West, for example, and say: "Our experience is not a bad one. Why not take advantage of it? All these 'axes,' you know, will get severely jolted at the first big bump in the road, and may fly in pieces. But a good Union of Nations is no rickety 'axis'—it is a great thing!" This is a voice which many over there will not want to listen to, of course. But it is very importunate and, penetrating deep down among the masses, will in time return to us in a mighty proletarian echo.

What do we intend to rely on in solving the problem of "overtaking and outstripping"? We can give a simple answer to this. On planning, and, first and foremost, on the Third Five-Year Plan. But that is not enough. We have the moral and political unity of the people; we have the great mutual friendship of the nations of the Soviet Union; and the plans lend unity of purpose and unity of aim to the efforts of the entire nation, to all our work. That is why our plan, our Bolshevik plan, our Stalinist plan, is so great a force. (*Applause.*) Working to plan means knowing what has to be done and for what purpose it has to be done. In our country plans have become an indispensable organizing force. Therefore, the fulfilment of a plan once adopted has become a matter of honour for the working people of the U.S.S.R.

Thanks to the brilliant success of the First and Second Five-Year Plans, "planning" has attained world-wide popularity, and quite a number of laborious attempts have been made by capitalist countries to proclaim and boost economic plans. Take, for example, the hullabaloo raised by the German fascists over their two home-grown "Four-Year Plans"! There were demagogues who tried to make believe that they had already overcome the anarchy in the capitalist economic system, the system prevailing in their country, and that they were already working by plan. Nevertheless, they did not venture to publish any plans—either the first or the second four-year plan. Apparently, they never existed. All that these "four-year plans" amounted to was certain measures for the accumulation of resources for a new war. And when carried into practice, the gist of their "four-year plans" amounted to the establishment of a system of barefaced exploitation of the workers and of all common people for the sake of maintaining the rule of capital, and especially for the sake of strengthening one "race," if we may call it so, the "race" so dear to the hearts of the fascists—finance capital. But the other "race," the working people, are having a hard time under the fascist "four-year plans." For the workers, the "four-year plans" were a calamity, a new form of bondage. Compulsory labour has been introduced in the mills and factories; the working day has been increased to ten or twelve hours and more; it is forbidden to raise wages, but there is no check on the rise of prices. Nor have the fascist gentry left the other sections of the working population in peace: thousands of peasant farms have been sold under the hammer; hundreds of thousands of artisans, small tradesmen and others have been ruined. That is the true picture of the fascist "four-year plans."

In spite of all this, we are firmly convinced that the fascists will not succeed in discrediting the idea of economic planning. The success of our glorious Stalinist Five-Year Plans will find its way to the hearts of millions of working people far beyond the frontiers of the U.S.S.R., and fire them with the wish to have their own, Bolshevik Five-Year Plans, and not the enslaving "four-year plans" of the fascist taskmasters. (*Loud and prolonged applause.*)

Capitalism, including capitalism in fascist garb, is powerless to match our planned economic system. Because of its system of private property, capitalism, including capitalism in fascist garb, is in its very essence incompatible with economic planning. Therefore, when national-economic planning began to display its miracle-working powers, capitalism had already definitely become a survival of history, a brake on history, a reactionary phenomenon of our day.

What can compare with the achievements of the planned, socialist economic system of the U.S.S.R.? We had the First Five-Year Plan: its effect was to double industrial output in four years, to increase it by 102 per cent. Then came the Second Five-Year Plan: an increase of industrial output by another 110 per cent was envisaged, but, actually, an increase of industrial output by 121 per cent, that is, two and one-fifth times as much, was achieved. Now we have a new plan, the Third Five-Year Plan. Again we are contemplating to almost double industrial output in five years, or, to be exact, to increase it by 90 per cent. There you have what the Bolsheviks call the all-conquering power of communism. (*Loud and prolonged applause.*) And to those who do not believe in communism, we may say: "Just you wait a bit, and history will utter its last word to all such doubting Thomases, to all of them lumped together." (*Laughter and applause.*)

I have had to speak of all this in order to give an idea of the state of foreign affairs in which our peaceful competition with the capitalist countries for economic primacy is now developing.

It will also be seen from the above that this competition will be transformed into a competition of a higher type, the historic competition between two social systems—capitalism and communism.

Capitalism has accumulated no little store of material and cultural values, but it is no longer able to use them even in its own interests. It has already in many respects begun to strangle progress, science, art and culture. That is a fact; but, then, all the worse for capitalism. There is now somebody to take over the heritage of capitalism. Communism grows out of what capitalism has created, out of its numerous fine achievements in the sphere of economy, material life and culture. Communism reassesses all these values and achievements in its own way—not in the interests of the "elite" of society, but in the interests of the whole people, of all mankind. We must spare no efforts to study this cultural heritage. We must know it thoroughly and profoundly. We must utilize everything produced by capitalism and the earlier history of mankind, and from the bricks made by the labour of man in the course of many centuries build a new edifice, a bright, spacious and sunlit edifice suited to the life of the people. (*Loud and general applause.*) The building of this splendid edifice of communism will demand a great deal of new energy and of talent of the people, a great deal of labour and heroism, of courage, initiative and enthusiasm. The Soviet Union—there you have an example of how to set about this work! The Bolshevik strength required for this glorious task is imparted by our Party, the Party of Lenin-Stalin. (*Loud and prolonged cheers.*) What does Comrade Stalin's report at this Congress mean? It means that the Bolshevik spirit is imparted to our cause by the work, the thoughts and words, of our Stalin! (*Loud applause. Cheers for Comrade Stalin.*)

Our intelligentsia has a part of exceptional importance to play in this historic work. Men of culture, men of science and technology, the old intelligentsia and the new, our students, and our skilled workers, whose ranks are being reinforced by youth, are all needed to enable the Soviet people to cope with the great new tasks, to accomplish the main economic task that now has to be performed, to successfully fulfil the Third Five-Year Plan. On their capacity to organize the labour of the workers and peasants, on their skill in applying their scientific knowledge to the utilization of technology and to the attainment of the utmost increase in labour productivity will depend the success of our work, the success of the competition with the other countries for economic primacy upon which the U.S.S.R. is now entering, and the success of the historic competition between communism and capitalism. Their creative efforts will be the more fertile and their achievements the more remarkable, the more consistently and deeply they delve into the essence of the fundamental modern science of society and the state—the essence of the great teachings of Marxism-Leninism, which is the basis for the growth and strength of socialist construction in the U.S.S.R. We have already created so many of the requisites, so many potentialities for the further growth and full prosperity of our society, that the chief thing now is a conscious communist attitude towards our work, and, especially, successful Bolshevik activity in the sphere of the ideological training of the swelling ranks of our Soviet intelligentsia.

The time has come when the work of education, the communist education of the people, assumes prime importance. This estimate of the role of communist education at the present juncture in no way detracts from the duty of which Comrade Stalin spoke, the duty of keeping our people in a state of mobilization and readiness for any and every emergency. On the contrary, only that education may be called a communist education which adds to our state of mobilization and readiness, and enhances our capacity to engage in a supreme struggle, in new battles, for the victory of communism. (*Prolonged applause.*)

The time is not far off when the Soviet Union will be in a position to say to others: "Do not lag behind the U.S.S.R. *economically* either, if you want to be in the forefront of humanity along the *whole* line and in *all* respects."

The banner of the Third Five-Year Plan is being taken up by millions of workers, by the many millions of the working people. The general line of our advance towards communism is laid down for us by the Party of Lenin-Stalin, by our Bolshevik Congress, by our Stalin! (*Loud and prolonged applause and cheers. All rise. Cheers for Comrades Stalin and Molotov.*)

SPEECH IN REPLY TO THE DISCUSSION

March 17, 1939

Comrades, the discussion at our Congress has shown that the theses for the Third Five-Year Plan have met with the unanimous support of the delegates. (*Applause.*)

I shall deal separately with certain questions raised by comrades who have spoken here. In my reply to the discussion I want to remedy an omission on my part. In order to do so I must go into the pre-Congress discussion, its character and results.

Before the Congress the theses, as you know, were very widely discussed in the press, at Party meetings and among the masses of the people. This very active response is symptomatic of the political advance in our country resulting from the general activity of our Party, from its achievements in the political field and in economic and cultural development. Thousands of letters dealing with questions of the Third Five-Year Plan were received by the *Pravda* for publication in its Discussion Sheet. A considerable number of these letters were published. In addition, many articles dealing with questions concerning the Third Five-Year Plan appeared in other publications, both central and local.

The pre-Congress discussion revealed that the theses for the Third Five-Year Plan had the full support of the Party organization and the mass of the people. All the Party conferences that preceded the Congress expressed their approval of the theses. In addition, the discussion brought out a wide variety of questions, and yielded quite a number of proposals for additions and other concrete amendments to the theses. These proposals contain much that is sound and useful. It must be said that to incorporate the majority of these proposals in the theses would inflate them too much and obscure the essentials. This of course we must avoid. But on the other hand, quite a number of proposals made in the pre-Congress discussion were such as to merit consideration in our Five-Year Plan.

But the theses are not the plan. They only provide a basis for the plan. The plan itself is a very voluminous document. The Third

Five-Year Plan runs into several folios of tables and figures. This plan takes up a great variety of points, in the final adoption and formulation of which it will be highly important, in fact essential, to consider the proposals and amendments which were made during the pre-Congress discussion. The great activity displayed by the Party and non-Party comrades who contributed to the pre-Congress discussion will be a great help to us in the final elaboration of the Third Five-Year Plan, and we should consider some of their proposals when adopting the theses in their final formulation.

If the Congress accepts the theses before it as a basis, it will obviously have to elect a commission to discuss which additions and other amendments should be incorporated in the theses. Furthermore, the Central Committee and the Council of People's Commissars will have to consider a number of these proposals and amendments when they finally endorse the Five-Year Plan by branches of the national economy, territories and republics.

The questions raised during the pre-Congress discussion and at the Congress might well be divided into the following groups:

First: questions of organization to ensure plan fulfilment;

Second: major economic problems;

Third: questions concerning particular branches of the national economy;

Fourth: problems of a more general character involving questions of principle.

Bolsheviks fully realize the importance of *questions of organization* in solving economic problems. Hence it is but natural that great attention was paid to questions of organization in the discussion on the Third Five-Year Plan. Contributors to the pre-Congress discussion raised a number of important questions of organization, including proposals to organize new People's Commissariats, and new Committees under the Council of People's Commissars. For instance, we have had proposals to form a People's Commissariat of the Building Industry; to organize, apart from the People's Commissariat of Agriculture, a special People's Commissariat for the Administration of Machine and Tractor Stations; to divide the People's Commissariat of State Farms into two People's Commissariats—one for state livestock farms and the other for state crop farms; to form a new People's Commissariat of the Automobile Industry or of Automobile Roads, and so on and so forth. A number of proposals of this kind deserve serious attention and might be accepted upon a further examination of the question.

Among these proposals there was one suggesting the formation of a special People's Commissariat of Horse Breeding. This proposal is not a sound one, in my opinion. But, on the other hand, careful attention should be paid to Comrade Budyonny's proposal that the People's Commissariat of Agriculture have a special Assistant People's Commissar, and the various agricultural bodies territorial Land Department chiefs, to supervise horse-breeding. The task of improving the breeding of horses is so important that a number of new organizational changes are indispensable here.

During the pre-Congress discussion, and here at the Congress as well, attention has been drawn to the need for better and closer coordination among the People's Commissariats in the discharge of current business. In connection with the division of the industrial People's Commissariats into smaller units, this is a very urgent matter. Speaking at the Congress, the People's Commissar of the Heavy Machinery Industry, Comrade Malyshev, correctly pointed out that the Economic Council and the State Planning Commission must take into account that coordination of work among the various economic People's Commissariats must be better organized than it is at present. This was also quite correctly pointed out by Comrade M. M. Kaganovich in his speech. The formation of industrial People's Commissariats on more highly specialized lines puts them within closer reach of the establishments concerned, with very important and beneficial results. But, on the other hand, many questions arise nowadays which cannot be solved behind the office doors of one single People's Commissariat. In view of this the Economic Council of the Council of People's Commissars must undoubtedly increase its staff and display much greater activity in coordinating the work of the People's Commissariats. This does not mean that the various People's Commissariats should make no effort themselves to coordinate their work with the work of the other People's Commissariats. It is their duty to do so, and they must not wall themselves up to suit their narrow departmental interests. This narrow departmentalism is not a rare occurrence among us, but we must strenuously combat it in our work as a form of bureaucracy. At the same time, the considerable increase in the number of industrial People's Commissariats unavoidably makes the structure of national-economic management more complicated at the top and calls for a corresponding increase in the staffs of the State Planning Commission and the Economic Council. From this the proper practical conclusions must be drawn.

Of the *various economic problems* I shall dwell upon the following: the settling of the Far East, the Kursk Magnetic Anomaly,* the Volga-Don Canal, and the development of the oil fields in Bashkiria.

You know that the question of the economic development of the Far East has come well to the fore. Hence to organize the settling of the Far East has become a task of the highest importance. In an article contributed to the pre-Congress discussion, Comrade Donskoy rightly referred to this question as a problem of major importance to the state. And indeed, both our Far-Eastern territories must tackle this question in real earnest, and organize large settlement offices locally to meet this need. It is high time we went from words to deeds, from general proposals to specific plans and decisions, in dealing with this question.

In the discussion on the Third Five-Year Plan, stress has been laid on the question of the Kursk Magnetic Anomaly and the formation of an iron and steel producing district in its vicinity. Wreckers have done their share in holding up the scheme. It is time we remedied these after-effects of wrecking. We must proceed to develop energetically the iron ore deposits there, and set up an iron and steel industry in the vicinity of the Kursk Magnetic Anomaly. This project has a great future in connection with the development of iron and steel production in the U.S.S.R. Comrade Doronin was right when in his speech at the Congress he demanded that this subject be given serious attention in the Third Five-Year Plan; it should be mentioned in the theses as well.

The Volga-Don Canal project has also been discussed at the Congress. This is another of the major economic tasks we must tackle in the Third Five-Year Plan period. The reason why the Volga-Don problem was held up is that a number of other problems, the construction of giant power stations, for instance, had at one time or other been lumped together with it. At the present time the State Planning Commission of the Soviet Union is finishing its work on the details of this development, and in the near future we shall revert back to it for concrete discussion. Comrade Dvinsky's raising of the question here was seasonable, as was his proposal to increase the output of coal in the Rostov Region, where the coal deposits are very rich.

I must also touch on the question of the oil industry in the vicinity of the Urals. Comrade Shagimardanov from Bashkiria was quite right in demanding that more attention be devoted to the Bashkir oil industry. Several years ago, at the Seventeenth Party Congress, Comrade Stalin said that we must "set to work in real earnest to organize an oil base along the western and southern slopes of the Ural mountain range." Chief among the districts he had in mind was Bashkiria.

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* Huge iron-ore deposits in the Kursk Region, discovered through large deviation in magnetic needle.—*Tr.*

The actual development of the oil industry in this district can be seen from the following facts. The first year in which Bashkiria produced oil on a commercial basis was 1934. It was a matter of some 63,000 tons. The value of Bashkiria as an oil region can be gauged by the fact that the output in 1935, only a twelve-month later, was 406,000 tons. In other words, the output multiplied more than six times in the space of one year. In 1936, the output of oil in this district reached 968,000 tons. In other words, there was a further increase to almost two and a half times as much in the space of a year. But in 1937 the increase was not continued, the total output being only 957,000 tons of oil, while in 1938 the output was 1,145,000 tons, a by no means considerable increase. Now compare these facts with the following figures showing the capital invested in the Bashkiria Oil Trust. Capital expenditure on this trust was as follows: 45,000,000 rubles in 1935; 59,000,000 rubles in 1936; 49,000,000 rubles in 1937; and 45,000,000 rubles in 1938. As you see, these are not heavy investments for such a big industrial undertaking. The outstanding fact here is that instead of investments increasing they decreased in the last two years, in spite of the fact that the Party has often insisted on the economic importance of this oil district to the whole country.

One is forced to conclude from the above that here our economic planning has been very remiss. If, in the present case, more attention had been paid to plans for the development of oil mining, then the plan of capital investments would have been different, would have been more ambitious. The wreckers, whose anti-Soviet handiwork this was, were detected late and so the state's interests were damaged by a delay of at least two years in the development of the Bashkiria oil fields. Let this be another lesson to us; let it teach us to improve our planning of industrial expansion and never to allow anything to retard the development of such important branches of our national economy.

I shall now turn to the separate branches of our national economy.

I shall commence with *industry*.

In the pre-Congress discussion, and here at the Congress, stress was laid on the need for a somewhat greater development of certain branches of industry than is indicated in the theses. The paper industry and the cement industry are cases in point. Indeed, there is such a big demand for paper that we should probe again th possibility of increasing the plan for the development of the pape industry in the Third Five-Year Plan period. The same applies t the production of cement. The Third Five-Year Plan provides fo such an expansion of building activities that we would do well t rediscuss the possibility of increasing the program in the case of th cement industry.

The greatest attention, before and during the Congress, has bee paid to fuel, as we can well understand. Every branch of the nationa economy has already felt keenly the effects of the present inadequat output of fuel: the shortage of coal, the shortage of oil, and also th inadequate attention paid to fuels like peat, oil shales and saprope coals and turf. Most earnest attention must be paid to these question in the Third Five-Year Plan. I have not much to add to what I said i my report.

You know that we are planning big industrial developments in th vicinity of the Volga, but that until recently they were delayed owin to a shortage of fuel. Comrade Stalin specially called our attentio to the need for measures to develop collieries in the vicinity of th Volga. The People's Commissariat of the Fuel Industry investigate the matter and recently made a proposal to develop the Dombarov deposits in the Chkalov Region. Comrade Kaganovich made the nec essary draft, which was sanctioned by the Central Committee an the Council of People's Commissars a few days ago. The followin tasks have been imposed on the People's Commissariat of the Fu Industry in this decision: to sink ten pits, with a total capacity o 1,000,000 tons, in the Dombarovo fields in 1939, six of them to b completed and opened this year; furthermore, it has been decide to sink this year four pits with a total capacity of 400,000 tons i the Poltava-Bredy and Borodino districts, and 3 pits with a tota capacity of 300,000 tons in the Ber-Chogur fields. By the end o 1942, the capacity of the new mines to be opened in these district should total 7,700,000 tons. This will provide a sound basis for im proving the supply of fuel to the Orsk industrial district and th Volga regions, as well as to the railways involved, which at th present time are running on coal hauled all the way from th Kuznetsk and Donetz fields.

This is only one example of how persistent we must be in ou approach to the problem of supplying all our economic regions wit locally produced fuel. Steps must be taken in all the principa economic districts to organize local fuel industries, so as to releas our railways completely from the onus of long-distance hauls of coal

We must also discontinue a practice that still persists in the fuelling of our cities. To this very day Moscow, Leningrad and other big cities are largely supplied with wood fuel carried by rail. In view of the present dimensions of industrial production in our large cities, to overload the railways with large shipments of wood fuel hauled over long distances is simply impermissible. Comrade Bogdanov, who spoke here, was quite right in his demand that we put a stop to the disgraceful practice of bringing wood fuel to Leningrad by rail from districts a thousand and more kilometres away. We cannot resign ourselves to such a state of affairs. This is an impermissible practice that has come down to us from the days when these shipments were much lighter. The widespread introduction of gas in our large cities will help us to get rid of such economic absurdities as long haul shipments of wood by rail. The sooner this is done the better.

Now a few words about *electric power*, to which enormous attention was devoted both at the Congress and during the pre-Congress discussion. This question has become so acute because the demand for electric power has left the capacity of our electric stations far behind. We must stimulate energetically the construction of medium and modest-sized electric power stations, and furthermore encourage to the utmost the construction of small power stations, especially of small hydro-electric stations. In this connection it has been properly pointed out that the construction of these electric power stations will necessitate a considerable increase in the output of turbines, especially of small hydraulic turbines. It is our duty to make adequate provision for these needs in the Third Five-Year Plan.

An important place in the Third Five-Year Plan is held by the construction of the Kuibyshev hydro-electric power station development. This great project is already well under way. Our Third Five-Year Plan must make provision for the proper utilization of the tremendous electric power which we shall derive from these power stations. We must plan industrial construction, irrigation systems and urban electric supply accordingly.

Besides this gigantic hydro-electric development, the construction of new hydro-electric stations on smaller scales is also of great importance. Recently Comrade Stalin specially drew the attention of Comrade Pervukhin, as People's Commissar of Electric Power Stations and of the Electrical Industry, to the need for a number of hydro-electric power stations in the Donetz coal fields and the Ural districts. The Donetz coal fields are desperately in need of additional electric power. Why not make use of the Donetz River, by building one or two hydro-electric power stations, not of gigantic dimensions, but with a fair capacity? There is a shortage of electric power in Sverdlovsk and Chelyabinsk. Why not make use of the rivers Iset, Chusovaya and Mias and build hydro-electric power stations there as well? They would be a great help to the Urals in this matter. These and similar projects should be incorporated in the Third Five-Year Plan.

Now the question of *machine-building.* We must pay the most serious attention to this problem. The line we are pursuing is to continue, on an ever increasing scale, the modernization of all our industries in point of equipment. Unless we have a further big increase in technical equipment, unless we have a constant improvement in our technical level, unless we use to the utmost the latest achievements in world engineering, Soviet economic development cannot continue at the rates which the country requires. This question was debated at length during the pre-Congress discussion and here at the Congress. We must organize the production of many new types of machinery and equipment for the various branches of our national economy. Machine-tool manufacturing, in particular, must be brought up to the mark. We must properly organize production of automatic control apparatus for the hydro-electric power stations I have mentioned, and for the textile and other industries. We must organize the production of mechanized tools, which can often be used as substitutes for more complex equipment in our factories, machine and tractor repair shops, and elsewhere. The need for the further development of machinery manufacture is greatly felt in all branches of our national economy.

But the following points must be considered too. For instance, in agriculture the main problem now is mechanization: to provide all tractors with the proper trailer implements. This we have not yet achieved by far, but achieve it we must, and that as soon as possible. But we must not forget horse-drawn implements either, as Comrade Benedictov has rightly pointed out at this Congress. Unfortunately, all too little thought has been given to this matter in recent years, and it has been upardonably neglected.

During the pre-Congress discussion a great deal was said concerning the further development of the automobile industry, particularly the manufacture of light automobiles. The Central Committee and the Council of People's Commissars have already taken a decision on this question. The People's Commissariat of the Medium Machinery Industry, with Comrade Likhachov at its head, will have to work with a will if it is to cope with its new task of starting the output of light Soviet automobiles in the present year. (*Applause.*)

As regards iron and steel production, I have not much to add to what I said in my report. In the pre-Congress discussion stress was laid on the necessity for strict economy in the use of ferrous and non-ferrous metals, and rightly so. We must have better system and effect decided economies in our consumption of pig iron, steel, special steels, and especially copper and other non-ferrous metals. There is still a lot of mismanagement in this respect, and we must put a stop to it. On this head, and on the general question of waste-abatement, I think some points must be added to the theses.

The chemical industry. The importance of increasing the gas supply has been indicated in the theses. Special mention should be made in the theses of the need to increase the supply of gas to cities and towns. Furthermore, attention should be drawn to the question of mineral fertilizers. There is urgent need for greater care in the handling of fertilizer. We can no longer tolerate the present enormous waste of mineral fertilizer in transit and storage. We must organize a vigorous campaign against such bad management, and at the same time must organize the production of machines for putting fertilizer into the soil. Of the various branches of the chemical industry I shall refer here only to the asbestos industry, which, as Comrade Tsalkovich has justly pointed out in the press, must be developed as quickly as possible.

Now as to the *production of articles of general consumption*. Comrade Kosygin, People's Commissar of the Textile Industry, was quite right in his speech at the Congress, in which he presented various demands for assistance to the textile industry from our other industries. It is our duty to render the utmost support to the cotton industry, so as to promote its speedy advancement. But our comrades in the textile industry must remember that success depends largely on themselves, on their own efforts to improve their work, to consolidate and increase the growth in output that has already begun in our mills. It is high time that our comrades in the textile industry discarded the bad habit of not fulfilling their plans, and fell into line with those who know how to fight for fulfilment and overfulfilment of the assigned plans. Nor must we forget such things as the output of hosiery, which has been referred to in the press. We must really develop this industry on a local scale too, and put an end to the shortage of such simple things in our stores.

Lastly, our fisheries. To what has been said at the Congress I can only add that while there is every call for most earnest attention to the problem of rapidly effecting a great improvement in the main fisheries at Murmansk and in the North generally, as well as in the Caspian, the Sea of Azov, and the Far East, we must make the most of local resources, and put them under the attention and control of the local organizations. The specifications in the theses concerning the fishing industry must be amplified somewhat.

As to *agriculture*.

The pre-Congress discussion dealt largely with the further mechanization of agriculture, and, in particular, with the question of introducing gas generating tractors and automobiles. Furthermore, there have been legitimate calls for a decided improvement in the work of the machine and tractor repair shops. It is time these shops became regular establishments working all year round, not confined to seasonal jobs. It has been justly pointed out before the Congress, and in the speech delivered here by Comrade Benedictov, People's Commissar of Agriculture, that there is a definite need for improvement in the organization of land development. To accelerate the introduction of proper systems of crop rotation, this matter must be taken well in hand by the state and financed from the state budget.

Lastly, the question of the *collective farms*.

During the pre-Congress discussion the opinion was expressed that we should now set about organizing model communes. A suitable reply was given to the sponsor of this proposal, indicating that he was on the wrong track. The agricultural artel will still be our main form of collective-farm husbandry in the period of the Third Five-Year Plan. We are still far from using the full potential strength of this form of collective farming for the advancement of agriculture, for the promotion of the prosperity of the collective-farm peasantry. Hence, to stress communes at the present time or, worse still, to shift the centre of gravity from the agricultural artel to the commune, would be an error of policy and lead us astray. To clear up the confusion on this score caused in some people's minds by the fact that a new era has begun, an era of gradual transition from socialism to communism, it would be as well to state emphatically that the artel is still to be the principal form of the collective-farm movement.

But it is a different matter to declare that the artels must undertake a number of new tasks, such as that of further consolidating the collective farms and collective-farm property, and of putting an end to the present distortions and breaches of the Rules of the Agricultural Artel with regard to the subsidiary establishments of the collective farmers. We must see to it that the collective farmer's interest in his subsidiary husbandry does not conflict with his main duty: to strengthen his collective farm and collective-farm property. The dimensions of the subsidiary plots of the collective farmers and the number of cattle owned individually by them must not exceed the maximum allowed. Everything must be done to promote the further organizational and financial consolidation of the collective farms, as it is only along the line of the further organizational and financial strengthening of the collective farms that any real advancement of agriculture and any really rapid improvement in the prosperity and cultural standards of the collective-farm peasantry are possible.

We must also intensify our efforts to improve discipline on the collective farms, as well as the educational work among the collective farmers in this direction.

Lastly, we must make wider use of the team system in collective farming. I have already dealt with these questions in my report. The theses for the Third Five-Year Plan must be amended accordingly.

As regards *transport,* not much is left for me to say. Comrade Kaganovich dwelt at length on the tasks that confront railway transportation, and particularly on the need for a considerable reinforcement of its plant and equipment. These tasks must be fully indicated in the Third Five-Year Plan. In reply to a note that has been passed up to me I must say that the construction of a new railway through the Caucasus Mountains is not of sufficient urgency to warrant inclusion in the Third Five-Year Plan. Our task now is to complete as soon as possible the construction of the Black Sea Railway, which will facilitate and expedite communications between Transcaucasia, the North Caucasus and the central districts. As regards the Kirov Railway, I must confirm that a second track will be laid from Murmansk to Soroka station. Furthermore, a new line will be run transversely from Soroka to Plesetskaya to unite the two northern lines—the Kirov Railway and the Northern Railway. This will improve communication between the north and the central districts, and will facilitate the better exploitation of the forests and other natural resources in the northern part of our European territory.

As regards *motor transport.* Proposals have been made on all hands, and rightly so, that we pay serious attention to the development of motor transport. Now that we are beginning to have a fair number of automobiles, 1,700,000 being the estimated total at the end of the Third Five-Year Plan period, the question of how to make the best use of motor transport acquires great importance. Here, too, with better organization of work and the elimination of the present all-too-common inefficiency in motor transport management, much can be done to promote our economic development. The general question of increasing state control of motor transport is to be specially discussed in the Economic Council in the near future.

The *building industry.*

Many people have spoken on the need for an improvement in the manufacture of building materials. As you know, a special People's Commissariat has been formed for this purpose. A change in the structure of the building organizations has also been advocated. The problem voiced in the proposal made here by Comrade Popkov of Leningrad to put all housing construction in Leningrad under the jurisdiction of the Leningrad Soviet can hardly be decided in this simple way. But this proposal contains a grain of wisdom in that it sponsors the formation of large territorial organizations for housing construction, to the exclusion of the small departmental trusts now existing. When we form a People's Commissariat of the Building Industry—and we are on the way to it—we can be certain of a complete change in this direction, namely, the formation of substantial territorial building organizations.

In the pre-Congress discussion serious attention was given to such questions as the *training of forces* for our national economy, the training of new professional personnel, the work of our research institutes, and the progress of *technology* and *scientific research.* The tasks with which our Party is confronted in regard to our socialist intelligentsia require that all these questions be viewed from a much broader angle than has been the case hitherto. We cannot shut our eyes to the fact that we still have quite a number of problems to solve in the field of science, a field in which the Academy of Sciences of the U.S.S.R. should by rights play the leading role and set the right tone both in the theoretical work of developing Soviet science, progressive as it is, and in the practical work of coordinating the creative efforts of our scientists with the whole planned development of our national economy in the Third Five-Year Plan period. But now we can hope for much better results in this field than ever before, and this is a matter of the highest importance to the country's economic life.

In my report I dwelt on the following problems of a more *general character* which involve *questions of principle,* and which were discussed publicly prior to the Congress: The question of eliminating the contrast between town and country, the prospects of eliminating the contrast between brain work and manual labour, and also, briefly, the questions concerning the further development of the collective farms, on which I have just made some additional comments.

In the pre-Congress discussion some people expressed the opinion that the reference in the theses to the fact that the U.S.S.R. is economically still behind the leading capitalist countries might give people a wrong idea about the Soviet Union. They argued that this reference to the inadequate economic level of the U.S.S.R. does not tally with the steady improvement in the condition of the Soviet people, particularly in view of the fact that the condition of the masses, even in the economically most developed capitalist countries, is going from bad to worse under the stress of crises, unemployment and rural distress. It must be said in reply that the theses indicate with sufficient clarity the rapid rise in the general prosperity of the U.S.S.R. and the further great advance in its general prosperity envisaged by the Third Five-Year Plan, the more so when considered in connection with the measures outlined for the further advancement of the economic level of our country. But it should be clear to us all that while indicating these points in our favour, we must by no means shut our eyes to the fact that the economic level we have achieved so far is not adequate. We must not shut our eyes to the fact that, while we have surpassed the capitalist countries both in rate of industrial development and in technical level of production, we have yet to overtake the most highly developed capitalist countries in a number of major industries with regard to output per head of population. In view of the immensity of our population it will take us considerable time and much effort to cover this ground. But we will cope with this task, too, in a short stretch of time, if we do not close our eyes to our shortcomings, if we are able, in Bolshevik fashion, to fire the ambition of our Party members and of all honest citizens of our country to solve the main economic task of the U.S.S.R. with the utmost despatch.

After Comrade Stalin's report and the further development of Marxist-Leninist theory given in his profoundly scientific analysis of the question of the state and the intelligentsia, there is no need to dwell on other general questions of principle. The Party now has all its work, the solution of all its problems, in clear perspective.

All the speakers here have spoken of advances in particular branches of our national economy, in particular economic districts and republics of the U.S.S.R., and of the advance in the economic development of the country as a whole. And, indeed, steady economic, cultural and political advance in *all* branches and *all* economic districts has become a permanent feature of our country. This advance is expressed in the political, economic and cultural progress of all our republics and of the U.S.S.R. as a whole. The Third Five-Year Plan must play a great organizational role in this advance, and in the further growth of the economic strength of the whole multi-national Soviet Union.

Our task is to mobilize all our forces in a Bolshevik manner *for the fulfilment of the Third Five-Year Plan.* One year, the first year of the Third Five-Year Plan period, has already elapsed. Last year we attained no little progress in our industrial development. Last year our industrial output increased by 11 per cent in comparison with the preceding year. But we must secure higher rates of industrial development if we are to fulfil our plan for the Third Five-Year Plan period. The increase for 1939 has been fixed at 20 per cent. As you see, an ambitious plan and no light task. So we have no time to lose. The Eighteenth Congress of the Party has evoked great enthusiasm among the masses of the workers. It has served to accelerate the rate of output of our industries. It is not in all branches of industry that we are completely fulfilling the plan for this year, but a number of industries, a number of towns and districts, are already successfully coping with their tasks. The enthusiasm with which the working class ushered in our Congress had marked results already in February, and it is our duty to consolidate the ground thus gained. We must do everything to secure good plan fulfilment in 1939, so that it may be instrumental in fulfilling the whole Third Five-Year Plan. (*Applause.*)

We must work in such a way that, after the First Stalinist Five-Year Plan so gloriously fulfilled ahead of schedule, and after the Second Stalinist Five-Year Plan, which we completed with equal success, we shall be able to say with pride: we have fought like Bolsheviks to fulfil and exceed the Third Five-Year Plan, we have secured a new Bolshevik victory. And then the Third Five-Year Plan will indeed be what we intend it to be—a new Stalinist Five-Year Plan of victory in the struggle for the mighty development of the forces of the U.S.S.R. (*Loud and prolonged applause. All rise. Loud cheers.*)